

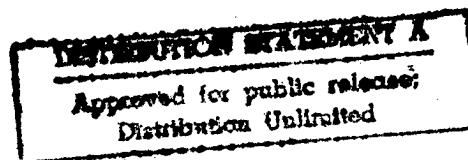
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8 June 1984

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS



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8 June 1984

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### ECONOMIC AND INDUSTRIAL AFFAIRS

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GERMAN DEMOCRATIC REPUBLIC

CROP PESTS TO BE RECKONED WITH IN 1984

East Berlin NEUE DEUTSCHE BAUERNZEITUNG in German No 17, 27 Apr 84 p 5

[Article by Prof. Dr. H.J. Mueller and Dr. A. Ramson, Institute for Plant Research, Kleinmachnow: "Less Mildew, But More Stem Break"]

[Text] Achievement of maximum yields makes high demands on plant protection work, which is a solid component part of the production process involved. What, then, are the important aspects in connection with the various cultivation categories?

In the sphere of grain, greater attention than ever before should, in addition to the mostly locally but not every year massively appearing aphids, be paid particularly to fungus diseases such as mildew, stem break, and blight. Pest control figures show that each year approximately 1.7 million hectares of grain fields show fungus incidence calling for control measures. In 1984, agricultural producers have more fungicides available to them than ever before. It will be necessary to apply them timely and effectively on the basis of inventory controls and the pertinent control norms. Well advised are those who let themselves be guided by the publication entitled "Recommendations for the Use of Fungicides in the Sphere of Grain Cultivation in the GDR in 1984," which is available to all plant-growing enterprises.

One may generally proceed from the fact that the incidence of mildew and blight in the case of winter grain is below that of 1983. Of course, given highly favorable weather conditions for it, fungus growth may spread quickly. During recent months favorable conditions prevailed for winter-grain infection by stem-break causing influences. For this reason we must once again expect a strong incidence of it, particularly in the northern Bezirke. Depending on climatic developments, this could also happen with respect to summer grain.

The use of stem-stabilizing agents as per current recommendations (see illustration) is gaining in importance. In this connection, more attention will be paid to inventory density in order to make possible still more precise measurements of the quantities to be applied.

Hard-to-control, i.e. tenacious weeds, have increased everywhere. It is all the more important to apply scientifically well-founded crop rotation and greatly to reduce the useful plants' competitors in the rotation processes wherever they are most vulnerable. In this connection an important part is played by careful stubble treatment and the use of mechanical means. For example, by a one-time scraping off of summer grain and winter wheat, 30 to 50 percent of the weed annuals are destroyed. By doing it a second time, approximately 70 percent are destroyed. Preparations aimed at eliminating couch-grass and other weeds will be really effective only if the soil is scaled off and if the stubble is worked over consistently. Nevertheless, special sequences of herbicide applications in the area of sugar beet and vegetable growing are necessary in order to ensure clean growth. Virus infection of potatoes has increased in 1983. All functions--from planting and cultivation to the selection process and up to and including the harvesting and storing--must be carried out carefully. Conscientious vectorial control alone will not suffice.

Initially, the potential for cabbage blight is slight. Generally, it will probably make its appearance no earlier than July. It may be expected to show up earlier than that only if the heads mature early and develop quickly and if there is above-normal precipitation in early June. It will nevertheless be necessary to be alert and to recognize and avert possible dangers in good time.

This to the same extent applies to the Colorado beetle. It will again be necessary to expect a high incidence, a situation which, of course, will be influenced considerably by the weather, particularly in June and July. This applies particularly to the Frankfurt, Potsdam, and Cottbus Bezirke, whereas Rostock, Suhl, and Karl-Marx-Stadt will be affected to a lesser extent. In the case of this pest, it will be necessary to recognize and to destroy the first larval stages, which are more easily controled.

It is possible that, as was the case in 1983, the yellows disease will once more be a problem, particularly in the main areas of susceptibility. For this reason it will be necessary to maintain the necessary safety distances between the fields intended for beet reproduction and those intended for factory-processing and to counteract the virus carriers in accordance with the instructions issued by the state institutions for plant protection. If favored by weather conditions, there will be increased initial damage caused by black beet aphids. The pertinent control efforts are to be oriented towards protecting the delicate early stage of the plants against damage.

When daytime temperatures exceed 15 degrees Celsius, rape will be threatened by a mass onslaught of blossom beetle. The danger is considerable in cases when this pest settles on the plants already at an early developmental stage (small buds). In the cases of the cabbage weevil and the cabbage flea it will be necessary also in 1984, and

particularly so in the northern Bezirke, to prepare for an incidence of these pests which will call for counteraction and, in this connection, to make increasing use of fringe and partial area treatment. Since the rape flea is very prevalent in the northern Bezirke, the seed material for autumn of 1984 planting must again be incrustrated in those areas. In 1983, a large winter-seed moth population developed. The larval stages--known as cut-worm--can also in 1984 cause damage to potatoes, vegetables and corn. For this reason it will be necessary, as in the case of the Colorado beetles, to determine in each cultivated area the initial larval stages by means of timely inspection. Only thus will effective control be possible.

A high incidence of field mice continues to be evident in Erfurt Bezirk. However, not only there, but also in other Bezirke such as Halle and Magdeburg, are intensive control measures indispensable. In connection with carrying out pertinent countermeasures, priority is to be accorded to source and sectional treatment.

Effective use of preparations substantially contributes to exploiting the yield potential of the plant categories to a greater extent than has hitherto been the case. It is the final improvement step in the strategy of integrated plant protection. The degree of its profitability depends largely on the work of the enterprise plant protection agronomist. It depends on the extent to which he influences all agrotechnical measures and provides for a purposeful cost-effective, and environment-related use of the proper preparation by means of continuous inventory control.

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CSO: 2300/472

STOP SUBSIDIZING INEFFICIENT INDUSTRY, PLANT MANAGER URGES

Budapest MAGYAR NEMZET in Hungarian 8 May 84 p 5

[Article by: Sandor Bobaly, factory director, member of the presidium of the Nagykanizsa People's Patriotic Front]

[Text] In the current period of our economic development annual output can only be raised by 1-2 percent. Maintaining international solvency in order to carry out our standard of living policy does not eliminate the underlying need to increase national income. Firms can contribute to this goal more effectively by using less capital and lowering production expenses.

In 1983 there were 1359 firms working in socialist industry. Nearly 1500 firms produced a total profit of 77 billion forints with 752 billion in capital investment and 970 billion in production and raw materials expenses. The "division" of profits between the state budget and the firm was based upon a linear taxation system. (Linear taxation means a division of revenues so that taxes are paid according to a fixed rate, regardless of the amount of capital used and the production costs incurred in attaining the profit.) By combining the various taxes in existence during 1982, the tax rate averaged out to 56 percent of the profits going to the state budget, and 44 percent to the firm. (Of 77 billion forint profit, firms received a value of 34 billion, while 44 billion was paid out to cover various taxes.)

A big fault of linear taxation is that the revenues of more efficient firms are in part regrouped and given to less productive firms. This happens on a bigger scale, the larger the deviation is from the average productivity of capital. This leads many to say that reduced material resources are not our biggest problem. Instead, the problem is that our existing significant capital is being divided up unfairly in the name of equality, regardless of capital productivity.

The most serious consequence of this is that the most efficient firms are forced to endow weak, inefficient firms from their own revenues. This contradicts our principles and goals. In my opinion, linear taxation has become an outright obstacle to socialist economic development and blocks our economic evolution. By functioning, it forces the success of division according to labor at the factory level into the background. It prevents the differentiation of economic units and puts the exploitation of enterprise internal reserves at a disadvantage.



What is the solution? My suggestion: the division of profits between the state budget and the enterprises should be based upon a tax rate differentiated according to capital efficiency. (By capital efficiency I mean the relationship between profit and the value of capital involved.)

Capital efficiency in reality encompasses every aspect of the enterprises' production process. Capital equipment and production costs can be included under the cost of inputs or "expenditures" column. Capital (or assets) include mobile assets (raw materials, semi-finished goods) and fixed assets (buildings, machines, transportation equipment). Costs of production include materials consumed during production, energy expenses, depreciation of fixed assets, wages paid out and owed, and miscellaneous expenses such as interest, duties, and penalties.

Capital efficiency can be analysed on the level of the individual enterprise, enterprise groups, industry branch and industrial sector. Firms included in these categories provide a good opportunity for observing the average level of performance. Average capital efficiency is a very important measure, because comparisons can be made between an entire industry branch or industry and a single enterprise. With differentiated taxation, the difference between a firm's efficiency and an industry average would be expressed by a "index of differentiation."

If differentiated taxation is used, the average tax rate would be determined on an economy-wide level. If a firm has average efficiency, then it and the state budget share the profits. The more the firm's efficiency deviates from the average, the more the firm's share changes. The better firm would get a bigger share; the inefficient firm a smaller share.

How would the profits be divided up between the firms and the state budget if a differentiated tax system were in place in 1982? Socialist industry attained an average profit of 4.5 percent in that year after allowing for depreciation and production costs. Let us suppose that with average efficiency a firm keeps 40 percent of its profits, while the state budget gets 60 percent. Firm "A" has profits of 50 million on sales of 500 million, involving 475 million in capital and 450 million in production costs. Firm "B" has a profit of 60 million from sales of 800 million, involving production costs of 740 million and a capital investment of 926 million.

Which firm receives what proportion of the profits? By adding up the capital investment involved and production costs incurred, firm "A" had a profit of 5.4 percent and firm "B" had just 3.6 percent. The average of socialist industry is 4.5 percent. So firm "A" keeps 24 million out of its 50. Firm "B" is bigger, but due to its lower efficiency it "can keep" only 19 million out of its 60 million in profits. (This is the other way around with the current linear taxation system. Firm "A" would get 20 million, while "B" gets 24 million.) The state would not suffer either way, since its total take would not be reduced. It would just reward the good, and sanction the bad, and the new system is in line with our principles.

By comparing the two tax systems, one can see that the current system "punishes" more efficient firm "A" by 4 million, and conversely it "rewards" firm "B" with

5 million, even though it has low capital efficiency. If this stays this way in the future, competition will never evolve and firms won't have to reveal their reserves. Also, we will not attain the goal that the Central Committee prescribed at its 17 April meeting. That is, regulation "should create an environment in which every participant in the economy is urged and forced to achieve increased results and performance, as well as flexible adaptability."

CSO: 2500/349

REVISED LAW ON FOREIGN EXCHANGE, CREDIT RELATIONS

Belgrade SLUZHBI LIST SFRJ in Serbo-Croatian No 17, 6 Apr 84 pp 471-507

[Revised text of the amended and supplemented Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries approved by the Legislative and Legal Commission of the Chamber of Republics and Provinces of the SFRY Assembly on 22 February 1984 and signed by its chairman Branko Sotra on 11 January 1984]

[Text] On the basis of Article 36 of the Law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 70, 1983), the Legislative and Legal Commission of the Chamber of Republics and Provinces of the SFRY Assembly, in a session on 22 February 1984, approved the revised text of the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries.

The revised text of the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries embraces the following: the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 15, 1977), the Law on an Amendment of the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 61, 1982), the Law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 77, 1982), the Law on a Supplement to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 34, 1983) and the Law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries (SLUZHBI LIST SFRJ, No 70, 1983) in which the date when the respective laws take effect is indicated.

LAW

ON FOREIGN EXCHANGE TRANSACTIONS AND CREDIT RELATIONS WITH FOREIGN COUNTRIES  
(Revised Text)

I. Basic Provisions

Article 1

The earning, acquisition, pooling and disposition of foreign exchange, payments and collections in transactions with foreign countries, credit relations

with foreign countries, and other relations of domestic persons with foreign legal and natural persons or between domestic public legal and natural persons which come about in the domain of the foreign exchange system shall be governed by the provisions of this law and by the provisions of social compacts and self-management accords concluded in conformity with the principles set forth in this law.

#### Article 2

Relations in the domain of the foreign exchange system are an integral part of relations in social reproduction founded on self-management, a system in which the workers themselves, associated with one another on the basis of their labor, manage assets which are the property of the society as a whole.

#### Article 3

The workers in the basic organization of associated labor shall exercise the basic rights and discharge the basic obligations in the foreign exchange system.

In the domain of foreign economic relations the workers shall have the same socioeconomic status as in the overall relations of social reproduction.

In the relations of realization of foreign exchange, disposition of foreign exchange, and pooling of foreign exchange to make payments abroad the workers shall basically have the same rights, obligations and responsibilities as in the relations of realizing other resources of society, the disposition of such resources, and the pooling of such resources.

The basic organization of associated labor shall be the basis for the pooling of labor and assets and the basis of social planning in the domain of the foreign exchange system.

Basic and other organizations of associated labor shall in their self-management accords and other general self-management acts regulate their mutual relations and other relations of common interest and shall bring into alignment their common needs and interests relative to the exercise of rights and discharge of obligations in the foreign exchange system, in accordance with law and social compacts.

#### Article 4

Joint foreign exchange policy is a component of the country's joint economic policy and shall be conducted within the framework of the unified foreign exchange system and the unified Yugoslav market.

The conclusion of self-management accords by basic and other organizations of associated labor and the conclusion of social compacts and agreements by the republics and autonomous provinces shall be the basis for adoption and implementation of joint foreign exchange policy.

## Article 5

Foreign exchange realized by basic and other organizations of associated labor represents the results of the labor of the workers in basic organizations of associated labor and of the labor of the entire society and shall be used exclusively to make payments in international transactions.

Foreign exchange realized by basic and other organizations of associated labor as claims in a foreign currency and means of payment abroad shall constitute a specific monetary expression of the resources of society.

Foreign exchange shall belong to the basic organizations of associated labor which participated in realizing it.

Organizations of associated labor which have realized foreign exchange or have participated in its realization shall freely and independently decide whether to keep the foreign exchange which they possess in a foreign exchange account in conformity with the provisions of this law or convert it to dinars.

The organizations of associated labor referred to in Paragraph 3 of this article which have converted foreign exchange to dinars shall have priority in the purchase of foreign exchange, under the conditions set forth in this law.

## Article 6

Foreign exchange is realized by doing business with foreign countries and through other relations with foreign countries.

Foreign exchange which has been realized shall be disposed of in conformity with the provisions of this law.

Foreign exchange may be purchased for dinars on the foreign exchange market in conformity with the provisions of this law.

The disposition of purchased foreign exchange shall conform to the basis on which the foreign exchange was purchased.

Restrictions on the disposition of foreign exchange may be prescribed by federal law or by regulations based on federal law.

## Article 7

Foreign exchange which has been realized shall be used to meet obligations come due, to pay for needs in reproduction of the basic and other organizations of associated labor which have realized it or participated in its realization, the needs in reproduction of organizations of associated labor which do not realize foreign exchange by doing business with foreign countries or which do not realize it in sufficient amount, and the needs in reproduction of organizations of associated labor which have been prohibited from exporting or restricted in exporting by acts of federal bodies, and to meet the needs of government and social services as specified by this law, regulations

issued on the basis of federal law, and a self-management accord in conformity with this law.

#### Article 8

Basic and other organizations of associated labor may keep foreign exchange realized in conformity with the provisions of this law in a foreign exchange account exclusively in an authorized bank.

The foreign exchange referred to in Paragraph 1 of this article may be used to make payments abroad or to invest in wholly or partially owned enterprises abroad, or may be sold to an authorized bank.

Payments abroad and investments in wholly or partially owned enterprises abroad may be made independently or in association with other basic organizations of associated labor and other organizations of associated labor.

Basic and other organizations of associated labor may pool foreign exchange to meet stated needs in foreign exchange on the basis of a self-management accord on the pooling of labor and capital or on the basis of a contract on long-term industrial cooperation, joint ventures abroad or business-technical collaboration.

The accounts referred to in Paragraph 1 of this article shall be denominated in foreign currencies or in dinars.

The Federal Executive Council, upon a proposal of the National Bank of Yugoslavia, shall set forth the conditions and manner in which the accounts referred to in Paragraph 1 of this article shall be nominated in dinars.

#### Article 9

Foreign exchange shall be purchased and sold on the unified foreign exchange market.

#### Article 10

The policy of stimulating the inflow of foreign exchange from exports of goods and services and other forms of foreign exchange inflow is an integral part of joint economic policy, policy governing economic relations with foreign countries, and joint foreign exchange policy.

#### Article 11

Within the limits of their respective rights and duties, basic and other organizations of associated labor, their communities and other forms whereby organizations of associated labor enter into association, and the republics and autonomous provinces shall bear joint responsibility with the Federation for the status of Yugoslavia's balance of payments and balance of foreign exchange and for Yugoslavia's position in international economic relations.

## Article 12

The planning of foreign economic relations is an integral part of the overall system of self-management social planning. Foreign economic relations shall be planned in order to ensure the conditions and prerequisites for more successful inclusion of associated labor in the international division of labor, to strengthen the export orientation of planning entities and the country's economy as a whole, and to establish long-term economic ties among organizations of associated labor related to export transactions.

The workers, as planners, in the framework of development plans of basic and other organizations of associated labor, self-managing communities of interest and other self-managing organizations and communities, and also in the framework of plans for economic development of sociopolitical communities, shall plan foreign economic relations. Basic and other organizations of associated labor shall mutually reconcile their respective plans and bring their plans into conformity with those of other planning entities with which they have ties in their operation, production and income and they shall also reconcile their plans in preparations for conclusion of the agreement on the bases of the plan of the sociopolitical community.

Joint economic policy in which the joint exchange policy set forth in planning documents of the SFRY Assembly is an integral part, shall constitute the basis for reconciliation of interests and mutual reconciliation through self-management of the essential elements of the plans of planning entities.

Organizations of associated labor and other self-managing organizations and communities shall also conduct their mutual relations and reconcile their interests in planning foreign economic relations within self-managing communities of interest for foreign economic relations as well as in economic chambers and general associations, in conformity with the roles of those respective institutions.

Before reconciling their plans within self-managing communities of interest in the republics and autonomous provinces organizations of associated labor must bring their plans into conformity with the plans of those organizations of associated labor with which they have concluded self-management accords on the pooling of labor and capital for purposes of joint production and realization of inflow of foreign exchange or concerning the pooling of the exchange realized.

Plans shall be mutually reconciled within the framework of self-managing communities of interest of the republics and autonomous provinces so that there is no obstacle to the pooling of labor and capital over the territory of the country.

Within the Yugoslav Community of Interest for Foreign Economic Relations organizations of associated labor and other self-managing organizations and communities which have ties in operation, production and income and are dependent on one another on the unified Yugoslav market shall reconcile the most important elements of foreign economic relations contained in their

plans with one another. These reconciled elements shall constitute an integral part of the basis for planning foreign economic relations within the republics and autonomous provinces.

Self-managing communities of interest for foreign economic relations in the republics and autonomous provinces and the Yugoslav Community of Interest for Foreign Economic Relations shall monitor fulfillment of plans with respect to foreign economic relations as referred to in Paragraphs 2 and 7 of this article and within their respective rights and duties shall in good time, both individually and jointly, take the steps necessary to guarantee fulfillment of those plans.

Organizations of associated labor in enacting their development plans and republics and autonomous provinces in setting forth economic policy shall within their respective rights and duties guide economic development so as to facilitate the most optimum inclusion of associated labor in the international division of labor, in conformity with the stated joint development policy and joint exchange policy, mindful of their respective contribution and obligations to achieving the planned proportions in Yugoslavia's balance of payments and exchange balance.

#### Article 13

The activity of republic and provincial self-managing communities of interest for foreign economic relations and of the Yugoslav Community of Interest for Foreign Economic Relations is hereby proclaimed to be of particular public interest.

#### Article 14

It is prohibited for basic and other organizations of associated labor and other public legal persons to pool foreign exchange and to enter into association or for organizations of associated labor and government agencies to conduct any other activity or perform any other action in foreign exchange transactions and credit relations with foreign countries with the purpose of hindering the free movement and pooling of labor and assets and the free exchange of goods and services or of creating a monopoly position on the unified Yugoslav market so as to achieve material and other advantages which are not based on work, which create unequal relations in the conduct of business or which violate other economic and self-management relations as set forth in the constitution.

In their earning and use of foreign exchange basic and other organizations of associated labor and other public legal persons must act in conformity with the joint economic policy which has been adopted, must not disrupt stability on the market, and must not inflict injury on other participants on the market, consumers or the public community as a whole.



#### Article 15

In the context of this law the term "foreign exchange" refers to claims, whatever their basis, which are denominated in a foreign currency, regardless of the manner of disposition.

The term "foreign exchange" also covers all types of effective foreign currency, except for gold coins.

#### Article 16

In the context of this law the term "domestic persons" refers to basic and other organizations of associated labor, business communities, banking organizations, cooperatives, chambers and other general associations, self-managing communities of interest, and other self-managing organizations and communities, sociopolitical communities and their agencies and organizations, sociopolitical organizations and other civic organizations, and other legal persons which have their domicile in Yugoslavia, as well as natural persons resident in Yugoslavia.

In the context of this law the term "foreign persons" refers to all other legal and natural persons.

#### Article 17

In the context of this law the term "authorized bank" refers to a banking organization which has received authorization to handle payments traffic and credit transactions with foreign countries (hereinafter referred to as "fully authorized bank") and a banking organization which has received authorization to handle transactions involving foreign exchange and foreign currencies in Yugoslavia (hereinafter referred to as "limited authorized bank").

#### Article 18

The Federal Directorate for Commerce in and Reserves of Special-Purpose Products shall in its foreign exchange transactions have the same rights and obligations granted organizations of associated labor under this law, unless this or other federal law states otherwise.

II. Joint Foreign Exchange Policy, Yugoslavia's Balance of Payments and Balance of Foreign Exchange, and the Payments-Balance and Exchange-Balance Position of the Republics and Autonomous Provinces

##### 1. Joint Foreign Exchange Policy

#### Article 19

Joint foreign exchange policy shall specifically cover the following: the policy of promoting and encouraging exports of goods and services and other forms of economic relations with foreign countries; import policy; the policy of protecting domestic production; the policy governing the rate of exchange

of the dinar; the policy governing foreign exchange reserves; the policy governing credit relations with foreign countries; the policy governing alignment of relations among the republic and provincial self-managing communities of interest for foreign economic relations, and the policy governing payments-balance restrictions.

Joint foreign exchange policy shall be adopted by the SFRY Assembly for each year at the same time when it adopts the country's joint economic policy for that year, in accordance with Yugoslavia's medium-term plan.

The document containing joint foreign exchange policy shall also include the framework and guidelines for enactment of measures to implement it.

#### Article 20

The Federal Executive Council, the competent bodies of the republics, the competent bodies of the autonomous provinces, and self-managing communities of interest for foreign economic relations shall adopt their own respective package programs for implementation of joint foreign exchange policy.

The Federal Executive Council shall monitor the implementation of joint foreign exchange policy and report to the SFRY Assembly as necessary, but not less frequently than semiannually.

#### Article 21

In the implementation of joint foreign exchange policy the Federation, the republics and the autonomous provinces shall take steps by mutual agreement to promote economic relations with foreign countries and specifically to stimulate the inflow of foreign exchange from exports of goods and services and other ways of augmenting the inflow of foreign exchange and of reducing the outflow of foreign exchange, in accordance with criteria and standards of measurement jointly agreed on.

#### Article 22

Proceeding on the principle that exports shall be unrestricted, if exceptionally and temporarily an act of the SFRY Assembly or act of the Federal Executive Council issued on the basis of an act of the SFRY Assembly prohibits or restricts the exports of certain goods and the rendering of certain services to foreign persons and thereby violates the equality of organizations of associated labor in the realization of foreign exchange, that act shall at the same time furnish compensation by setting forth the right to purchase exchange on the foreign exchange market and shall state the conditions and sources of the foreign exchange for obtaining that compensation.

The right to compensation because of a prohibition or restriction of exports shall be exercised by the basic organization of associated labor only for those quantities of goods or that volume of services for which it has not assumed obligations to supply the domestic market through self-management accords, agreements and contracts regulating the relations of lasting cooperation.

The compensation referred to in Paragraph 1 of this article shall provide foreign exchange for the agreed needs in reproduction of basic organizations of associated labor whose exporting has been prohibited or restricted, depending on the size of the inflow of foreign exchange which they would realize if their exporting had not been prohibited or restricted, according to the uniform criteria stated in Article 70, Paragraph 2, of this law.

## 2. Yugoslavia's Balance of Payments and Foreign Exchange Balance

### Article 23

Yugoslavia shall have one balance of payments, the balance of all financial and other economic transactions between domestic and foreign persons.

Yugoslavia shall have one foreign exchange balance, the balance of the inflow and outflow of foreign exchange resulting from all financial and other economic transactions between domestic and foreign persons.

The projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance shall be integral parts of joint foreign exchange policy within the framework of the country's joint economic policy.

The projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance shall be based on Yugoslavia's medium-term plan.

### Article 24

At the same time when it enacts joint foreign exchange policy the SFRY Assembly shall also adopt the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance, which shall be proposed by the Federal Executive Council within the framework of the country's joint economic policy.

The projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance shall be enacted to cover a period of at least 1 year.

The SFRY Assembly shall examine fulfillment of the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance together with the report submitted by the Federal Executive Council on implementation of joint economic policy.

The Federal Executive Council shall propose the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance to the SFRY Assembly simultaneously with the resolution on implementing Yugoslavia's medium-term plan in the coming year.

### Article 25

The projection of Yugoslavia's balance of payments shall cover the following: the value of exports of goods and services; the outflow of foreign exchange

on the basis of invisibles; the volume of foreign indebtedness; the status of the debt at the end of the year for which the projection of the balance of payments is being enacted and the amount of principal and interest coming due to be paid abroad in that year; the volume of foreign exchange credit to be extended abroad; the amount of principal and interest coming due for payment on credits extended abroad; the surplus or deficit in Yugoslavia's balance of payments; coverage of the deficit; and the level of permanent foreign exchange reserves and current foreign exchange reserves.

The projection of Yugoslavia's exchange balance shall cover the inflow and outflow of foreign exchange for each of the items in Yugoslavia's balance of payments.

The projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance shall also cover the Federation's foreign exchange revenues and foreign exchange expenditures used for establishing the volume of foreign exchange and for assigning the right to purchase exchange to meet the needs of the Yugoslav People's Army and to perform the tasks of federal agencies in the domain of national defense, to provide for commodity reserves at the federal level, to meet the needs of federal agencies, to cover the rights and duties of the Federation and the Federal Fund for Credit Financing of the Accelerated Development of the Economically Underdeveloped Republics and Autonomous Provinces in conformity with Yugoslavia's medium-term plan, and to meet other needs as set forth in Article 179 of this law.

On the basis of consent of the competent bodies of the republics and provinces, the Federal Executive Council shall prescribe the methodology and criteria for ascertainment and the methodology for monitoring fulfillment of the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance.

#### Article 26

The volume and other conditions pertaining to imports and foreign indebtedness and to the contracting of other payment obligations abroad, which shall be envisaged by the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance, shall be reconciled with achievement of the subsequent inflow of foreign exchange on the basis of those imports and other foreign exchange receipts and with the envisaged size of the surplus or deficit in Yugoslavia's balance of payments and exchange balance.

#### Article 27

The volume of foreign indebtedness and the volume of credit to be extended abroad shall be set forth for the medium-term planning period in the social plan of Yugoslavia.

The volume of foreign indebtedness and the volume of credit to be extended abroad shall be fixed for each year in Yugoslavia's balance of payments and exchange balance and must be reconciled with the joint policy governing foreign economic relations, the level of the country's indebtedness and the

capabilities of individual entities and the country as a whole to promptly discharge obligations arising out of credits.

An individual entity may contract indebtedness abroad if an authorized bank has ascertained that it is able to repay the credit in foreign exchange and dinars and if the discharge of obligations under the credit is covered by the authorized bank's credit-guarantee potential.

The Federal Executive Council and National Bank of Yugoslavia shall take steps to guarantee that the volume of foreign indebtedness conforms to the provisions of Paragraphs 1 and 2 of this article.

Borrowing abroad and extension of credit abroad shall be guided toward the aim of achieving a larger total inflow of foreign exchange, guaranteeing the necessary liquidity in international payments, and fulfillment of Yugoslavia's balance of payments and exchange balance.

3. The Payments-Balance and Exchange-Balance Position of the Republics and Autonomous Provinces in Yugoslavia's Unified Balance of Payments and Foreign Exchange Balance

#### Article 28

In order to achieve the goals and perform the tasks of their respective plans and Yugoslavia's balance of payments and exchange balance the republics and autonomous provinces shall prepare their own projections of payments-balance and exchange-balance positions.

The projections of the payments-balance and exchange-balance positions of the republics and autonomous provinces shall be planning instruments in the domain of foreign economic relations and shall contain planning goals and tasks which shall reflect the role and responsibility of the republics and autonomous provinces in shaping, conducting and accomplishing the policy governing foreign economic relations and fulfilling Yugoslavia's balance of payments and exchange balance.

The projections of the payments-balance and exchange-balance positions of the republics and autonomous provinces shall be based on the essential elements of the plans of basic organizations of associated labor located within the respective republics and autonomous provinces, on the relations established by organizations of associated labor on the unified Yugoslav market, and on the goals and tasks set forth in the projection of Yugoslavia's balance of payments and exchange balance and shall contain the elements of foreign economic relations from the plans of organizations of associated labor and other self-managing organizations and communities which have mutual ties pertaining to their operation, production and income on the unified Yugoslav market, and shall constitute the basis for continuous monitoring and conduct of economic policy in the republic and autonomous province with respect to implementation of joint economic policy and Yugoslavia's balance of payments and exchange balance.

The projections of the payments-balance and exchange-balance positions of the republics and autonomous provinces may not alter relations established among organizations of associated labor on the unified Yugoslav market which have a share in exports. The projections of the payments-balance and exchange-balance positions of the republics and autonomous provinces shall be adapted to essential changes that occur on the unified Yugoslav market in relations among organizations of associated labor taking part in exports in order to achieve Yugoslavia's balance of payments and exchange balance.

On the basis of monitoring achievement of the payments-balance and exchange-balance positions, the republics and autonomous provinces shall take the steps necessary to achieve Yugoslavia's balance of payments and exchange balance and joint economic policy, especially with respect to development policy, credit and monetary policy, the policy governing taxes and contributions, price policy, and in creating more favorable conditions for production and use of domestic raw materials on behalf of optimum import substitution, in organizing establishment of ties within associated labor, in stimulating organizations of associated labor to enter into association, and measures in the domain of joint foreign exchange policy.

#### Article 29

The Federation, the republics and the autonomous provinces shall be responsible within the limits of their respective rights and duties for achievement of Yugoslavia's balance of payments and exchange balance and shall bear a duty to take timely steps to achieve plans governing foreign economic relations of organizations of associated labor and thereby proportions in Yugoslavia's payments balance and exchange balance for the current year, and to take steps to suppress manifestations of exclusiveness or monopoly behavior, on behalf of establishment of broader ties among organizations of associated labor on the unified Yugoslav market, augmentation of exports and more optimum imports.

#### Article 30

The measures taken in the republic, autonomous province and the Federation to achieve the projection of Yugoslavia's balance of payments and the projection of Yugoslavia's exchange balance and to achieve the projections of the payments-balance positions and projections of the exchange-balance positions of the republics and autonomous provinces must not violate the unity of the Yugoslav market.

#### Article 31

Republic and provincial self-managing communities of interest for foreign economic relations and the Yugoslav Community of Interest for Foreign Economic Relations shall keep abreast of fulfillment of the projections of the payments-balance positions and projections of the exchange-balance positions of the republics and autonomous provinces, shall inform the competent authorities about implementation and achievement of those projections, shall give timely warning of deviations from them, and, within the limits of their

rights and duties, shall take the measures necessary, both individually and jointly, to guarantee fulfillment of the projections.

#### Article 32

Should there be a deviation in fulfillment of the projections of the payments-balance position and the projections of the exchange-balance position of the republic or the autonomous province, the competent body of that republic or autonomous province must take appropriate measures to reestablish the relationships set forth in those projections.

#### Article 33

By virtue of their participation in the implementation of this law the Yugoslav Economic Chamber and the economic chambers of the republics and autonomous provinces shall contribute to achievement of the planned proportions in Yugoslavia's balance of payments and the proportions in Yugoslavia's exchange balance and of joint foreign exchange policy, which they shall do in the following specific ways:

- 1) they shall take initiatives so that organizations of associated labor form links and associations in forms and directions oriented toward the earning, disposition and pooling of foreign exchange and its rational use in accordance with the provisions of this law, and they shall extend organizational and technical aid to organizations of associated labor so that these goals are achieved;
- 2) they shall collaborate with communities of interest for foreign economic relations and shall extend them aid in their organizational efforts and ongoing activities;
- 3) they shall take the initiative so that individual issues are raised and resolved and shall submit opinions and proposals in connection with the adoption and implementation of joint foreign exchange policy and the enactment of export and import programs and measures, the projection of the balance of payments and exchange balance, the policy governing the rate of exchange of the dinar and rate-of-exchange mechanisms, conditions governing exports and imports, monetary policy, payments-balance restrictions, and indebtedness abroad.

### III. Self-Managing Communities of Interest for Foreign Economic Relations

#### Article 34

Self-managing communities of interest for foreign economic relations (hereinafter referred to as the "republic and provincial communities") shall be established by law in the republic and autonomous province in order to perform the tasks and handle the business specified by this law.

In each republic and autonomous province basic and other organizations of associated labor, self-managing communities of interest and other self-managing

organizations and communities, banking organizations, cooperatives and other public legal persons, aside from sociopolitical communities, shall be required to affiliate themselves with the republic or provincial community if they earn foreign exchange or use foreign exchange in the conduct of their business.

#### Article 35

The republic and provincial communities shall participate directly in the preparation of acts setting forth the policy and plans governing foreign economic relations and in drafting projections of the payments-balance position and projections of the exchange-balance position of the republic or autonomous province and, in the implementation of those acts, shall, within the limits of their respective competence, make their own decisions on those matters envisaged by law, shall participate in the conclusion of self-management accords and social compacts, and shall handle other business in accordance with the provisions of this law.

The republics and autonomous provinces shall in laws set forth in more detail the activity of the republic and provincial communities.

#### Article 36

The republics and autonomous provinces shall establish by law organizational principles and other matters related to the activity of the republic and provincial communities.

The republics and autonomous provinces shall conclude an agreement concerning the principles to be followed in the organization of the republic and provincial communities and in the conduct of their business.

#### Article 37

The governing bodies of the republic or provincial community shall be elected from among the members of those communities in conformity with the principle of delegation.

#### Article 38

The Yugoslav Community of Interest for Foreign Economic Relations (hereinafter referred to as the "Yugoslav Community") shall be established.

The republic and provincial communities shall be members of the Yugoslav Community of Interest for Foreign Economic Relations.

#### Article 39

In the Yugoslav Community the members of that community shall perform the following functions:

- 1) they shall agree on elements of plans governing foreign economic relations and plans governing the inflow and outflow of foreign exchange of particular



importance to Yugoslavia's exchange balance and balance of payments and to the unity of the Yugoslav market;

2) they shall reconcile respective views in the procedure of preparing the plans governing foreign economic relations of the republics and autonomous provinces and shall participate in preparing the projection of Yugoslavia's balance of payments;

3) they shall determine the manner in which the plans governing foreign economic relations and plans governing inflow and outflow of foreign exchange shall be fulfilled;

4) they shall give opinions concerning a proposal to regulate imports and exports and on measures to be taken to fulfill the plans governing foreign economic relations;

5) they shall submit an opinion to the Federal Executive Council concerning the proposal for measures to be enacted to implement the policy governing credit relations with foreign countries and joint foreign exchange policy;

6) they shall encourage the self-management linkage and organization of organizations of associated labor on the unified Yugoslav market for the purpose of production for export and for the rendering of services to foreign persons.

7) and they shall handle other business as set forth in federal law.

The activity of the Yugoslav Community shall be set forth in more detail in its bylaws.

#### Article 40

The assembly and executive board shall be the bodies of the Yugoslav Community and the president its officer.

The governing body of the Yugoslav Community shall be an assembly consisting of 10 delegates elected from among the members of each republic and provincial community.

In addition to the delegates referred to in Paragraph 2 of this article, a representative of the Federal Executive Council shall also participate in the proceedings of the Assembly of the Yugoslav Community.

The Executive Board of the Yugoslav Community shall have eight members, one elected from each republic or provincial delegation in the Community. The election of the members of the Executive Board shall be confirmed by the Assembly of the Yugoslav Community.

The president of the Yugoslav Community shall be named by the Assembly of the Yugoslav Community with the consent of the Federal Executive Council.

#### Article 41

The Yugoslav Community shall have bylaws.

The bylaws of the Yugoslav Community shall be adopted by the Assembly of the Yugoslav Community.

The bylaws of the Yugoslav Community shall be confirmed by the SFRY Assembly.

The bylaws of the Yugoslav Community shall specifically set forth the internal organization of the Community, procedure to be followed in taking decisions to perform the tasks for which the Community is founded, the competence of the governing bodies and officers, and funds to finance the Community's activity.

The bylaws of the Yugoslav Community shall also set forth the manner of the Community's cooperation with organizations of associated labor which have links pertaining to their operation, production and income in the production for export and in forms of linkage and organization which they themselves establish.

#### Article 42

Representatives of the competent bodies of respective sociopolitical communities have the right to attend sessions of the governing bodies of the Yugoslav Community or the republic and provincial communities and to present opinions and views of the bodies and agencies which they represent.

#### IV. The Rate of Exchange of the Dinar and the Policy Governing the Dinar's Rate of Exchange

#### Article 43

The rates of exchange of foreign currencies against the dinar shall be formed on the unified foreign exchange market in accordance with the established policy governing the dinar's rate of exchange. The policy of a single and realistic rate of exchange of the dinar shall constitute an integral part of the country's joint economic policy and in particular of joint foreign exchange policy.

The SFRY Assembly shall establish policy governing the dinar's rate of exchange and the criteria, limits and guidelines governing measures to be taken to implement that policy.

The policy governing the dinar's rate of exchange shall also encompass the special conditions and manner of handling accounts in foreign trade with countries with which the clearing system of payments has been established by treaty.

The National Bank of Yugoslavia shall establish the methodology for setting the rate of exchange of the dinar.

On the basis of the joint foreign exchange policy that has been established the Federal Executive Council shall fix the dinar's rate of exchange against some accounting unit or some one or several convertible currencies.

The Federal Executive Council shall submit a report on implementation of policy governing the dinar's rate of exchange to the SFRY Assembly as necessary, but at least semiannually.

#### Article 44

The Federal Executive Council, the competent bodies of the republics and the competent bodies of the autonomous provinces, the Yugoslav Community and the republic and provincial communities, within the scope of their respective jurisdiction or activities, shall propose and take steps to maintain the dinar's rate of exchange in line with the established joint foreign exchange policy.

#### Article 45

The National Bank of Yugoslavia, the national banks of the republics and the national banks of the autonomous provinces shall implement the established policy governing the dinar's rate of exchange.

The National Bank of Yugoslavia shall intervene on the unified foreign exchange market in accordance with the established policy governing the dinar's rate of exchange.

#### Article 46

The National Bank of Yugoslavia, the national banks of the republics and the national banks of the autonomous provinces shall monitor and analyze movement of rates of exchange on the domestic foreign exchange market and on exchange markets abroad and other indicators that have a significant bearing on the level of rates of exchange, assessment of future trends and relative positions of rates of exchange.

#### Article 47

The Federal Executive Council shall set the rates of exchange of foreign currency for purposes of determining the base on which duties and other charges are computed, for computing tax exemptions involved in export transactions and for quantitative expression of the right to import and make foreign payments, and for statistical purposes; it shall set those rates in accordance with the rates at the interbank meeting of the unified foreign exchange market.

#### Article 48

Differences in rates of exchange in the conduct of transactions with foreign exchange of organizations of associated labor and other social juridical persons shall be borne by each participant in the use of foreign exchange directly or through authorized banks.

Differences in rates of exchange which arise out of credits taken abroad shall be borne by the user of the foreign exchange originating from those credits.

#### Article 49

Differences in rates of exchange which arise on the basis of foreign exchange accounts and foreign exchange savings accounts which individuals and civil juridical persons have in authorized banks shall be charged to the resources which those banks possess.

Authorized banks may use the foreign exchange of individuals kept in those banks to make loans also for the purpose of bridging the time gap between the actual inflow of foreign exchange and the outflow of foreign exchange to make payments abroad for members of the bank, in the manner and under the conditions prescribed by the Federal Executive Council.

The National Bank of Yugoslavia is required at the request of an authorized bank to accept for deposit the foreign exchange of individuals kept in accounts of the authorized bank. The National Bank of Yugoslavia shall prescribe the manner in which the foreign exchange in deposits with the National Bank of Yugoslavia shall be deposited and returned as well as the rates of exchange from which the amount of credit shall be ascertained when the foreign exchange is deposited and when the foreign exchange deposited is being returned.

#### Article 50

Authorized banks may deposit in the National Bank of Yugoslavia the foreign exchange of organizations of associated labor originating from advances received on the basis of work to be done on capital investment projects abroad and the export of equipment and ships.

The National Bank of Yugoslavia is required at the request of the authorized bank to accept the deposit of foreign exchange referred to in Paragraph 1 of this article which is contained in the accounts of the authorized banks, extending at the same time interest-free credit to the authorized bank on the account of the organizations of associated labor referred to in that paragraph whose foreign exchange is being accepted in deposit, in the amount of the dinar equivalent of the foreign exchange deposited.

The amount of the dinar equivalent referred to in Paragraph 2 of this article shall be established by the National Bank of Yugoslavia in conformity with the rate of exchange of the dinar which is in effect on the date when the foreign exchange is accepted in deposit.

Organizations of associated labor which withdraw foreign exchange placed in a deposit through the authorized bank for purposes of making payments abroad within the period stipulated in the contract shall place the dinar equivalent referred to in Paragraph 3 of this article in the National Bank of Yugoslavia through the authorized bank in the amount and in accordance with the rate of

exchange of the dinar which was in effect on the date when the foreign exchange was accepted in deposit.

The National Bank of Yugoslavia is required at the request of the authorized bank to make available the deposited foreign exchange originating from advances received within the period stipulated by the contract.

The foreign exchange referred to in Paragraph 1 of this article shall not be subject to distribution on the basis of Article 70 of this law before billing and collection.

#### Article 51

In order to ensure that authorized banks make payments in conformity with the provisions of this law, the authorized bank must in agreement with the organizations of associated labor and other civil juridical persons for which it makes payments compile monthly, quarterly and annual plans of the inflow and outflow of foreign exchange for those organizations of associated labor and other civil juridical persons.

The authorized bank must obtain foreign exchange for the organizations of associated labor and other civil juridical persons referred to in Paragraph 1 of this article on the unified foreign exchange market which those organizations and other civil juridical persons are entitled to purchase, in conformity with the uniform criteria stated in Article 70 of this law.

#### V. The Foreign Exchange Market

#### Article 52

For the purpose of this law "unified foreign exchange market" means an organized system encompassing all purchases and sales of foreign exchange transacted within the Socialist Federal Republic of Yugoslavia in the manner set forth in this and other federal laws and regulations concerning the conditions, organization and operation of the unified foreign exchange market issued by the Federal Executive Council on recommendation of the National Bank of Yugoslavia.

Domestic persons and foreign persons shall purchase and sell foreign exchange in authorized banks and authorized currency exchange offices in accordance with federal law.

Economic policy measures shall stimulate the economic motivation of organizations of associated labor to sell foreign exchange on the unified foreign exchange market.

Fully authorized banks shall buy and sell foreign currencies among themselves directly and at the interbank meeting.

The National Bank of Yugoslavia shall also participate in the interbank meeting.

An internal bank may purchase and sell foreign exchange in an authorized bank on behalf of the basic organizations of associated labor which established it.

#### Article 53

Foreign exchange may be purchased and sold on the unified foreign exchange market on a spot or forward basis.

The term "spot purchase and sale of foreign exchange" refers to transactions in which foreign exchange is sold and purchased on the foreign exchange market on the basis of a contract calling for immediate completion of the transaction, no later than 2 working days from the date when the contract is completed.

The term "forward purchase and sale of foreign exchange" refers to transactions in the purchase and sale of foreign exchange concluded on the unified foreign exchange market in which the contract stipulates a period from 30 days to 1 year for completion of the transaction and which under the contract are completed by a specified date.

#### Article 54

Organizations of associated labor and other civil juridical persons shall sell and purchase foreign exchange only on the unified foreign exchange market through an authorized bank, in conformity with the provisions of this law.

#### Article 55

On the recommendation of the National Bank of Yugoslavia and after first obtaining the opinion of the Yugoslav Community the Federal Executive Council shall issue an order on the organization and operating procedures of the interbank meeting.

#### Article 56

The National Bank of Yugoslavia, in agreement with fully authorized banks, shall specify which foreign currencies may be purchased and sold on the unified foreign exchange market and at the interbank meeting.

If the agreement referred to in Paragraph 1 of this article is not concluded within 30 days from the date when this law takes effect or from the date when proceedings are requested to amend the agreement referred to in Paragraph 1 of this article, the National Bank of Yugoslavia shall issue an order on the currencies which may be traded until such agreement is concluded.

If major disturbances occur in the trading of certain currencies on foreign exchange markets abroad, the National Bank of Yugoslavia may with consent of the Federal Executive Council temporarily restrict or prohibit the purchase and sale of a particular currency on the unified foreign exchange market.

#### Article 57

The National Bank of Yugoslavia shall purchase and sell foreign exchange at the interbank meeting in order to maintain overall liquidity in international payments and to maintain the dinar's rate of exchange, in accordance with established joint foreign exchange policy and policy governing the dinar's rate of exchange.

The National Bank of Yugoslavia shall intervene at the interbank meeting with the amount of foreign exchange required to ensure fulfillment of the established proportions and exercise of the right to foreign exchange in Yugoslavia's balance and exchange balance, in accordance with Article 43 of this law.

The National Bank of Yugoslavia shall determine which foreign currencies require its intervention at the interbank meeting.

#### Article 58

Fully authorized banks may purchase and sell foreign currencies on foreign exchange markets abroad in order to make substitutions under the conditions defined by the National Bank of Yugoslavia.

#### Article 59

Banks authorized to handle international transactions shall purchase and sell foreign exchange at the rates of exchange set in the interbank meeting of the unified foreign exchange market.

#### Article 60

Average rates of exchange of foreign currencies shall be set on the basis of the rates of exchange at which currencies are traded at the interbank meeting.

Buying or selling rates shall be formed on the basis of the average rates of exchange of foreign currencies by adding or subtracting the margin set forth in the official act concerning the organization and operating procedure of the interbank meeting.

The average rates of exchange of foreign currencies shall also be used in indicating the values of foreign currencies in the statements and balance sheets of banks and other public legal persons.

#### Article 61

Authorized banks shall make spot purchases of foreign exchange from domestic persons and foreign persons and shall make spot sales to such persons at the buying and selling rates referred to in Article 60, Paragraph 2, of this law.

Banks authorized to handle international transactions shall conclude spot foreign exchange purchases and sales with one another at the rates of exchange set at the interbank meeting of the unified foreign exchange market.

#### Article 62

Authorized banks shall make spot purchases of foreign exchange from domestic public legal persons and spot sales of foreign exchange to such persons in the name and on the account of such persons, but when they are making purchases from domestic civil legal and natural persons or making sales to such persons, they shall do so in their own name and on their own account.

Authorized banks shall make spot purchases of foreign exchange from foreign persons and spot sales of foreign exchange to such persons in their own name and on their own account.

#### Article 63

Forward purchases and sales of foreign exchange shall be made among authorized banks and between authorized banks and organizations of associated labor.

Domestic civil legal and natural persons and foreign persons may not make forward purchases and sales of foreign exchange.

#### Article 64

Forward purchases and sales of foreign exchange shall be made at the rates of exchange the parties to the contract agree on in bargaining, under the conditions specified by the Federal Executive Council.

#### Article 65

A contract concerning a forward purchase and sale of foreign exchange shall be considered concluded when the parties to the contract register the signed sales agreement in accordance with the procedure set forth in the order concerning the organization and operating procedure of the interbank meeting.

The seller of foreign exchange in a forward transaction must transfer the foreign exchange to the purchaser's foreign exchange account by the date which is stated in the sales agreement. The purchaser of foreign exchange in a forward transaction must transfer the equivalent amount in dinars to the seller's clearing account by the date stated in the sales agreement.



VI. Earning and Acquiring Foreign Exchange, Disposition of Foreign Exchange, Pooling of Foreign Exchange, and Trade in Gold

1. Earning and Acquiring Foreign Exchange, Disposition of Foreign Exchange, and the Pooling of Foreign Exchange of Organizations of Associated Labor and Other Public Juridical Persons

Article 66

Basic and other organizations of associated labor shall earn foreign exchange in the following ways:

- 1) by selling goods and services on the foreign market;
- 2) through long-term production cooperation with foreign countries;
- 3) through the conduct of business activities abroad in accordance with federal law;
- 4) by obtaining credit abroad;
- 5) by issuing securities;
- 6) and through other business relations and arrangements with foreign countries established in conformity with this law.

Basic and other organizations of associated labor shall earn foreign exchange through independent conduct of the transactions referred to in Paragraph 1 of this article or through a mutual relationship within a work organization, a complex organization of associated labor, or other forms of linkage and association for purposes of joint production of goods and services and joint earning of income.

Article 67

Foreign exchange which basic organizations of associated labor realize in their independent conduct of business shall belong to those organizations, and they shall dispose of it in conformity with this law.

Foreign exchange realized through the pooling of labor and capital shall belong to the basic organizations of associated labor which participated in earning it through their mutual production, financial or other economic cooperation.

Organizations of associated labor which have relations of direct linkage and dependence in reproduction shall in a self-management compact regulate their mutual relations in the joint production of goods and rendering of services for export and the distribution of the foreign exchange realized through that exporting among the actual exporters and their subcontractors in proportion to their respective contributions in the realization of the joint exports and inflow of foreign exchange.

Authorized banks shall immediately, no later than within 3 days, distribute the inflow of foreign exchange realized on the basis of exports of goods and services to organizations of associated labor which in the relations of direct linkage and dependence in reproduction have participated in realizing the foreign exchange, in accordance with the self-management accord referred to in Paragraph 3 of this article.

Disputes concerning the relations covered by this article shall be settled by the competent court of associated labor.

#### Article 68

Organizations of associated labor may pool foreign exchange they have realized or became entitled to on the basis of the established contribution within the limits of the socially recognized needs of reproduction on the basis of a self-management accord concerning the pooling of labor and capital or on the basis of a contract concerning lasting industrial cooperation, joint ventures within the country and abroad or business-technical collaboration for the purpose of joint production of goods and rendering of services for export which would contribute to realizing a larger inflow of foreign exchange and earning of joint income, including the bearing of the joint risk.

Foreign exchange pooled for the purposes stated in Paragraph 1 of this article may be used only to make payments abroad.

Organizations of associated labor which pool foreign exchange may transfer it to each other's account which they have in authorized banks only for the purposes for which it has been pooled.

The self-management accord or contract on pooling of foreign exchange may not envisage sale of foreign exchange for the dinar equivalent of the pooled exchange, nor may credits be granted on the basis of foreign exchange pooled in this manner.

#### Article 69

The point of departure in the disposition of foreign exchange shall be the principle that the foreign exchange has been realized through work with capital owned by society and that it is the result of the work of the workers in organizations of associated labor and of the labor of the entire society.

#### Article 70

Organizations of associated labor shall meet their needs in reproduction with foreign exchange from the inflow of foreign exchange which they realize or by purchasing foreign exchange on the unified foreign exchange market as well as from credits taken abroad, in conformity with this law.

Out of the inflow of foreign exchange which an organization of associated labor realizes, it shall be entitled to that portion stated in a self-management accord concluded in the framework of the forms of association and linkage

which by applying the uniform criteria has stated the portion of foreign exchange for socially recognized needs in reproduction.

Socially recognized needs in reproduction encompass the following: obligations under foreign credits, imports of raw materials and production supplies, spare parts for current maintenance of equipment, and invisible payments urgently necessary to maintain current reproduction.

The organization of associated labor must immediately, no later than 2 days from the date of inflow, sell the amount of foreign exchange exceeding the portion referred to in Paragraph 2 of this article to the authorized bank for it to be included in the flows of the unified foreign exchange market.

The authorized bank is required to sell the foreign exchange referred to in Paragraph 4 of this article on the unified foreign exchange market immediately, no later than 5 days from the date of its purchase of the foreign exchange.

That portion of foreign exchange which is sold to authorized banks for inclusion in the flows of the unified foreign exchange market shall be used for the following purposes:

- i. for a portion of the needs in reproduction of organizations of associated labor whose contribution to exports cannot be ascertained or is not sufficient to meet the indispensable socially recognized needs in reproduction;
- ii. for the most urgent needs in reproduction of organizations of associated labor which have established import needs, but do not participate in exports;
- iii. for obligations for transportation services rendered to domestic passengers and postal, telegraph and telephone services which foreign individuals have rendered to domestic persons on the basis of international treaties ratified by the SFRY Assembly or the Federal Executive Council.

The self-management accord referred to in Paragraph 2 of this article shall set forth the right to purchase foreign exchange on the unified foreign exchange market on the basis of the scales contained in the uniform criteria.

The aggregate rights to purchase foreign exchange on the unified foreign exchange market of all organizations of associated labor which are members of a particular form of association and linkage, such rights being set forth in the self-management accord referred to in Paragraph 2 of this article, must be within the limits of the amount of foreign exchange to which the organizations of associated labor in that form of association and linkage are entitled for socially recognized needs in reproduction, as calculated on the basis of the uniform criteria.

In order to ensure that the obligation stated in Paragraph 6, Subparagraph iii, of this article is met, the Federal Executive Council shall as necessary prescribe the priority purchase of foreign exchange on the unified foreign exchange market for those purposes.

Organizations of associated labor are required to meet their obligations under foreign credits and obligations assumed in international conventions on a priority basis.

#### Article 71

Before establishment of the portion of foreign exchange to which an organization of associated labor is entitled out of the total inflow of foreign exchange, a portion of foreign exchange shall be set aside at the uniform percentage set forth in the act on joint foreign exchange policy or other act of the SFRY Assembly and shall be sold:

- i. to meet the needs of the Federation as stated in Article 25, Paragraph 3, of this law;
- ii. to replenish the foreign exchange reserves of Yugoslavia administered by the National Bank of Yugoslavia;
- iii. to repay credits which the National Bank of Yugoslavia has taken in its name and on its own account;
- iv. for a portion of the agreed imports of goods especially important to supply of the population and other consumer goods;
- v. to import energy raw materials to meet the established needs of society as well as a portion of funds for exploration for energy raw materials;
- vi. for compensation as referred to in Article 22 of this law;
- vii. to pay Yugoslav pensions to recipients living abroad on the basis of international agreements in the field of social security which have been ratified.

The act referred to in Paragraph 1 of this article shall also state the total annual amount to be set aside and distributed among the various purposes in sum certain and in percentage, not to exceed the amount which has been fixed, as well as the manner in which the foreign exchange is to be used for those purposes. That act may establish exemptions from the obligation to set aside this portion of the inflow of foreign exchange.

Authorized banks shall transfer the foreign exchange set aside in the context of Paragraph 1 of this article to a special account in the National Bank of Yugoslavia.

The National Bank of Yugoslavia shall sell the foreign exchange referred to in Paragraph 1 of this article to authorized banks at the interbank meeting of the unified foreign exchange market on the account of organizations of associated labor and other civil juridical persons for the purposes referred to in Paragraph 1 of this article up to the amount of the inflow of foreign exchange actually realized.

The Federal Executive Council shall prescribe the order of priority in use of foreign exchange for the purposes stated in Paragraph 1 of this article.

#### Article 72

The uniform criteria referred to in Article 70 of this law must be brought into conformity with the proportions of Yugoslavia's balance of payments and Yugoslavia's foreign exchange balance, with the goals and tasks of joint foreign exchange policy, and with the rate at which the inflow of foreign exchange is realized. The total volume of payments abroad, on the basis of the scales contained in the uniform criteria, may not exceed the limits established for the respective positions in Yugoslavia's balance of payments and Yugoslavia's foreign exchange balance.

The uniform criteria referred to in Paragraph 1 of this article shall be subject to consent of the Federal Executive Council with respect to their conformity with the proportions of Yugoslavia's balance of payments and exchange balance and joint foreign exchange policy.

The uniform criteria referred to in Paragraph 1 of this article shall be enacted simultaneously with the joint economic policy for the coming year.

If the uniform criteria referred to in Paragraph 1 of this article are not set forth simultaneously with the joint economic policy for the coming year, the Federal Executive Council shall within a further period of 30 days decide that the uniform criteria previously in effect shall be applied or shall adopt other temporary solutions which shall be applied until the uniform criteria are set forth.

Basic organizations of associated labor engaged in special-purpose production shall retain that portion of the inflow of foreign exchange which has been established on the basis of criteria set forth by the Federal Executive Council.

The portion of foreign exchange to which organizations of associated labor in special-purpose production are entitled shall be used to pay for imports of special-purpose products, raw materials, production supplies and equipment for development and prevention of special-purpose products for export, to meet obligations under foreign credits, to pay for spare parts for current maintenance of equipment, for invisible payments to maintain current reproduction, and for other specific needs in order to maintain production of special-purpose products for export, which shall be set forth in more detail in the enactment referred to in Paragraph 5 of this article.

#### Article 73

The uniform criteria referred to in Article 70 of this law shall be enacted by the Yugoslav Community in collaboration with the Economic Chamber of Yugoslavia.

The portion of foreign exchange for socially recognized needs in reproduction to which organizations of associated labor are entitled in order to make payments abroad shall be calculated on the basis of the scales set forth in the uniform criteria within the framework of individual or several linked general associations of Yugoslavia or other forms of association or linkage at the level of Yugoslavia.

The portion of foreign exchange for socially recognized needs in reproduction shall also be calculated on the basis of the scales set forth in the uniform criteria for other forms of association and linkage which comprise large business entities and entities in reproduction in the Yugoslav economic domain.

The Yugoslav Community shall in collaboration with the Economic Chamber of Yugoslavia rule on which other forms of association or linkage qualify under Paragraph 2 of this article and which forms of linkage and association constituting large business entities and entities in reproduction qualify under Paragraph 3 of this article for calculation of the socially recognized needs in reproduction on the basis of the uniform criteria, at their request.

The scales contained in the uniform criteria on the basis of which the socially recognized needs in reproduction are calculated shall be based on the actual ratio between exports and imports of organizations of associated labor over the previous 2 years and the growth rate of exports and imports set forth in the balance of payments of Yugoslavia and the foreign exchange balance of Yugoslavia for the coming year.

The uniform criteria shall guarantee that the portion of foreign exchange to which organizations of associated labor are entitled is dependent upon the inflow of foreign exchange which they realize.

The uniform criteria shall guarantee encouragement of export, the equality of organizations of associated labor on the unified Yugoslav market, and broader establishment of association and linkage.

The uniform criteria shall set forth the scales which shall encourage organizations of associated labor to achieve a larger volume of exports and inflow of foreign exchange within the framework of forms of association and linkage referred to in this article. Those scales shall ensure that organizations of associated labor, within the framework of those forms of association and linkage, may in conformity with the enactment on joint foreign exchange policy retain for their own needs in reproduction and distribute among themselves all or a portion of that part of foreign exchange which they realize through exports to the convertible area over and above the average growth of exports envisaged in that enactment.

Within 30 days from the date of signing bilateral annual protocols on visible trade with countries in the clearing currency area, organizations of associated labor participating in trade in goods and services with those countries shall distribute in a self-management accord concluded within the framework of general associations and quantities and types of goods envisaged by those

protocols for export and import; those organizations of associated labor exporting to that currency area shall have preference in the distribution of those quantities for their own needs in reproduction.

If the self-management accords referred to in Paragraph 9 of this article are not concluded within the period of time stated in that paragraph, the Federal Executive Council shall issue a regulation within 15 days thereafter to regulate the matters which are the subject of the self-management accord.

#### Article 74

That portion of foreign exchange to which organizations of associated labor are entitled shall be calculated on the basis of the uniform criteria referred to in Article 70 of this law and by applying the scales contained in those criteria for every form of association and linkage of associated labor referred to in Article 73 of this law.

The Yugoslav Community shall ascertain for every form of association and linkage referred to in Article 73 of this law that the portion of foreign exchange to which organizations of associated labor are entitled under Paragraph 1 of this article is calculated in conformity with the uniform criteria, and it shall issue a statement of confirmation to that effect.

The foreign exchange to which organizations of associated labor are entitled in the context of Paragraph 1 of this article shall be distributed by those organizations among individual organizations of associated labor through a self-management accord. In so doing they shall take as their point of departure the need to guarantee on a priority basis production for exports at the highest possible level of manufacturing and production with the largest possible net inflow of foreign exchange.

The self-management accords referred to in Paragraph 3 of this article shall be submitted to the Yugoslav Community and to authorized banks for purposes of executing orders for payment abroad.

Authorized banks may not execute orders for payment abroad under the self-management accords referred to in Paragraph 4 of this article if the Yugoslav Community informs them that distribution has not been made among the individual organizations of associated labor within the limits of the portion of foreign exchange referred to in Paragraph 1 of this article.

An organization of associated labor which by 1 March of the current year does not conclude a self-management accord within the framework of association or some other form of association and linkage as referred to in Article 73 of this law shall be entitled to 50 percent of the amount of foreign exchange computed for that organization by applying the criterion contained in Article 73, Paragraph 5, of this law.

## Article 75

The act of the competent body in the republic or autonomous province shall establish within the portion of foreign exchange which basic organizations of associated labor retain on the basis of the uniform criteria referred to in Article 70 of this law the amount for the following:

- i. for payments abroad of bodies, agencies and organizations of sociopolitical communities in the republic or autonomous province;
- ii. to repay credits taken abroad by the republic or autonomous province.

In the republic or provincial community a portion of the foreign exchange shall be established within that portion of foreign exchange which basic organizations of associated labor retain on the basis of the uniform criteria referred to in Article 68 of this law to meet the following purposes:

- i. joint needs in the social services;
- ii. the needs of the economic infrastructure: energy, transportation and similar needs, over and above the needs agreed on through self-management procedure in the context of Article 70 of this law;
- iii. the needs of the small business sector;
- iv. the needs of other lines of business pursued within the republic or autonomous province.

The foreign exchange to meet the needs referred to in this article shall be stated in a sum certain, but those needs shall be met in proportion to the actual inflow of foreign exchange, not to exceed that amount expressed in percentage which is set for each year in the enactment on joint foreign exchange policy.

## Article 76

The authorized bank may not execute orders of an organization of associated labor to make a payment abroad if it has not first set aside and sold the portion of foreign exchange in the context of Article 70, Paragraph 4, and Article 71 of this law.

Authorized banks shall ensure maximum use and more rapid circulation of the available foreign exchange potential, and they are thus required to maintain their own liquidity in international payments within the limits prescribed by the National Bank of Yugoslavia and to sell foreign exchange which they possess beyond those limits at the interbank meeting of the unified foreign exchange market.

The authorized banks shall channel their available foreign exchange potential as referred to in Paragraph 2 of this article in such manner that should there be a discrepancy in time between the actual inflow and outflow of



foreign exchange of individual authorized banks, the authorized banks shall temporarily furnish the foreign exchange to meet the needs in reproduction of basic organizations of associated labor realizing an inflow of foreign exchange.

#### Article 77

Within the limits of the volume of foreign exchange set forth in the balance of payments of Yugoslavia and the foreign exchange balance of Yugoslavia, the enactment on joint foreign exchange policy shall designate the sources and volume of foreign exchange to import equipment and parts for maintenance of capital assets, as well as the criteria and priority governing those imports.

#### Article 78

The volume of foreign exchange and of the right to purchase foreign exchange to meet the needs of federal bodies and agencies and federal organizations, as fixed in the acts referred to in Article 71 of this law, shall be distributed among individual federal bodies and agencies and federal organizations by the Federal Executive Council.

#### Article 79

The basic organization of associated labor which sells on the unified foreign exchange market foreign exchange which it has earned may again purchase foreign exchange on the unified foreign exchange market up to the limit of the rights which it has on the basis of the uniform criteria referred to in Article 70 of this law.

In a sale of foreign exchange as referred to in Paragraph 1 of this article organizations of associated labor may conclude a contract with authorized banks as to the schedule for the repurchase of foreign exchange to make payments abroad within the limits of the volume established for their socially recognized needs in reproduction as referred to in Article 70, Paragraph 2, of this law.

The authorized bank is required to purchase all foreign exchange which organizations of associated labor offer for sale.

The authorized bank is required to furnish an organization of associated labor which has sold foreign exchange originating in the portion of foreign exchange which it is entitled to retain for socially recognized needs in reproduction priority in making purchases according to a schedule stated in a contract which has been concluded.

If for whatever reason an authorized bank is unable to meet its obligations promptly under the contract referred to in Paragraph 2 of this article, it must meet that obligation by taking a temporary loan from the National Bank of Yugoslavia and must bear all the costs arising out of the taking of that loan.

The National Bank of Yugoslavia shall define the conditions and manner of making temporary loans to authorized banks as referred to in Paragraph 5 of this article.

The National Bank of Yugoslavia shall furnish foreign exchange to pay the obligation in the case referred to in Paragraph 5 of this article with the proviso that it shall block the foreign exchange account of the authorized bank to which it has extended such loans by the amount of the foreign exchange with which it intervenes by issuing the temporary loan referred to in Article 173 of this law.

#### Article 80

Domestic persons must repatriate foreign exchange which they have realized in exporting goods and services or on some other basis, unless this law states otherwise.

#### Article 81

The trade in and conveyance of foreign exchange between domestic persons and between domestic persons and foreign persons in Yugoslavia are prohibited unless this law provides otherwise.

The term "trade in foreign exchange" as used in Paragraph 1 of this article also includes use of the foreign exchange of one domestic person to pay for imports of goods and services to meet the needs of another domestic person.

#### Article 82

It is prohibited to make payment or collection in foreign exchange or gold between domestic persons and between Yugoslav nationals and foreign nationals on the territory of the Socialist Federal Republic of Yugoslavia and to conclude transactions which provide that the dinar value of the contractual obligation shall be computed on the basis of the price of gold or the rate of exchange of the dinar relative to foreign currencies, unless this or other federal law states otherwise.

The prices of services rendered to foreign persons in Yugoslavia and to domestic persons in international transportation may be denominated in a foreign currency if an obligation to that effect has been assumed in an international convention, but collection shall be made exclusively in dinars.

The provisions of a legal transaction contrary to the prohibition referred to in Paragraph 1 of this article shall be null and void.

#### Article 83

The National Bank of Yugoslavia shall through the authorized banks transfer to organizations of associated labor which directly render services and which submit checks to it for collection issued by the National Bank of Yugoslavia the amount of foreign exchange which is the face value of the check submitted.

Foreign means of payment purchased at currency exchange offices with effective dinars shall be distributed every year in the act on joint foreign exchange policy.

Foreign means of payment realized by selling tourists gasoline coupons within the country and by selling commercial coupons for gasoline and petroleum derivatives and on the basis of the sale of petroleum derivatives to foreign carriers shall be earmarked for use for payment for imported petroleum and petroleum derivatives from the account of the National Bank of Yugoslavia.

#### Article 84

Business communities, banking organizations, cooperatives, chambers and other general associations, self-managing communities of interest and other self-managing organizations and communities, sociopolitical organizations and other civic organizations, and other public legal persons may keep foreign exchange they have earned in a foreign exchange account with only one authorized bank, may use it for their own purchases in accordance with this law, or may sell it on the unified foreign exchange market.

The persons referred to in Paragraph 1 of this article may keep foreign exchange they have earned abroad under the conditions prescribed by the Federal Executive Council.

#### Article 85

Sociopolitical communities and their bodies, agencies and organizations must sell on the unified foreign exchange market foreign exchange which they have realized.

As an exception to Paragraph 1 of this article, the Federal Executive Council may prescribe that a portion of the foreign exchange realized by the Yugoslav People's Army by rendering services to foreign persons shall be used for payments to foreign countries to meet its own needs.

#### Article 86

Augmentation of the inflow of foreign exchange from the export of goods and services and of other forms of inflow of foreign exchange shall be stimulated by the measures of the development policy, by the system and mechanism of tax, duty and other rebates, by the measures of credit and monetary policy, and by other measures of economic policy.

Banks may not grant new credits for preparation of production for export, for production for export, or for export to organizations of associated labor and other civil juridical persons who hold a portion of foreign exchange for socially recognized needs in reproduction in a foreign exchange account longer than 15 days from the date when the foreign exchange is posted to the foreign exchange account.

The National Bank of Yugoslavia shall suspend the use of credit from note issue by authorized banks who act contrary to the provision of Paragraph 2 of this law.

#### Article 87

Rebates of duties and other charges shall be regulated by a self-management accord among the republic and provincial communities within the Yugoslav Community, with consent of the Federal Executive Council.

In agreement with the executive councils of assemblies of the republics and executive councils of the assemblies of the autonomous provinces the republic and provincial communities shall also enact other rebates in conformity with the basic criteria which have been assumed and which have been agreed on in the Yugoslav Community.

If the self-management accord referred to in Paragraph 1 of this article is not concluded in good time, the Federal Executive Council may decide to apply the measures or acts which were previously in effect or to enact other temporary arrangements to be applied until the accord is concluded.

#### Article 88

Every year when it enacts the federal budget the SFRY Assembly shall act on the proposal of the Federal Executive Council to fix that portion of revenues from customs duties and other import charges, expressed as a percentage, which shall not be included in the federal budget and which shall be relinquished to the Yugoslav Community for rebate of duties and other charges to organizations of associated labor which are exporting.

The SFRY Assembly may decide not to include revenues based on certain import charges in the federal budget and to relinquish all such revenues to the Yugoslav Community to be used for rebate of customs duties and other charges to organizations of associated labor which are exporting.

Revenues from the special fees referred to in Article 187 of this law shall not be included in the federal budget and shall be entirely relinquished to the Yugoslav Community for rebate of customs duties and other charges to organizations of associated labor which are exporting.

#### Article 89

The Federal Executive Council shall establish the measures and mechanisms referred to in Article 87 of this law in accordance with the guidelines of the competent body of the Federation in order to stimulate export of special-purpose products and other forms of economic relations with foreign countries whose special purpose is in the general public interest.

## Article 90

The framework and guidelines for measures taken to stimulate the inflow of foreign exchange shall be set forth in the joint components of credit and monetary policy. Incentives related to the influx of foreign exchange shall be established in the measures of current and medium-term economic policy.

## 2. Disposition of Foreign Exchange of Individuals and Civil Legal Persons

## Article 91

Individual citizens and civil legal persons may purchase foreign exchange from authorized banks to meet their own needs for health care and education, for traveling and moving expenses abroad, to support members of their families abroad, to settle court and other costs and to meet other purposes, in the amounts and under the conditions prescribed by the Federal Executive Council on the basis of consent from the competent bodies of the republics and autonomous provinces.

## Article 92

The Federal Executive Council shall prescribe the conditions under which individuals and civil juridical persons may:

- 1) purchase coupons to pay for gasoline abroad;
- 2) pay for services rendered them in international passenger transportation by foreign persons;
- 3) pay domestic tourist agencies the costs of group and individual trips abroad.

## Article 93

Foreign exchange which individual citizens and civil legal persons bring into the country or receive from abroad may be sold to an authorized bank and authorized currency exchange office or placed in a foreign exchange account or foreign exchange savings account in an authorized bank.

Individual citizens and civil legal persons may use foreign exchange kept in a foreign exchange account or foreign exchange savings account in accordance with the regulations enacted by the Federal Executive Council.

## Article 94

Individual citizens and civil legal persons may use foreign exchange to purchase securities issued by organizations of associated labor to expand their plant and equipment.

On the basis of consent from the competent bodies of the republics and autonomous provinces and after first obtaining the opinion of the Yugoslav

Community, the Federal Executive Council shall prescribe the conditions, manner and procedure for the use of foreign exchange to purchase securities and of the obtaining of foreign exchange to pay for the securities referred to in Paragraph 1 of this article and the conditions under which the securities may be paid for in dinars.

#### Article 95

The foreign exchange accounts of individual citizens and civil legal persons and the foreign exchange savings accounts of individual citizens and civil legal persons may be either demand accounts or time accounts.

#### Article 96

Authorized banks shall pay interest in dinars on the foreign exchange accounts of individual citizens and civil legal persons and on the foreign exchange savings accounts of individual citizens and civil legal persons, except on foreign exchange accounts and foreign exchange savings accounts of Yugoslav citizens employed abroad temporarily during their stay abroad, on which interest shall be paid in foreign exchange or, at their request, in foreign exchange and in dinars, or in dinars.

#### Article 97

Authorized banks must safeguard the secrecy of information concerning the foreign exchange accounts of individual citizens and the foreign exchange savings accounts of individual citizens.

Information on the foreign exchange accounts of individual citizens and the foreign exchange savings accounts of individual citizens may be given not only at the written request of a court.

#### Article 98

The Federation shall guarantee the foreign exchange accounts of individual citizens and the foreign exchange savings accounts of individual citizens.

#### 3. The Carrying of Dinars, Foreign Exchange and Securities in and out of the Country

#### Article 99

The carrying of dinars into and out of Yugoslavia in international passenger transportation shall be subject to the amount and denominations prescribed by the National Bank of Yugoslavia.

The use of the mails and other shipments to send out of Yugoslavia dinars and instruments made out in dinars, effective foreign currency and instruments denominated in a foreign currency shall be subject to the conditions prescribed by the National Bank of Yugoslavia.

The use of the mails and other shipments to bring into Yugoslavia dinars and instruments denominated in dinars shall be subject to the conditions prescribed by the National Bank of Yugoslavia.

#### Article 100

Foreign exchange may be freely brought into Yugoslavia.

Individual citizens may carry abroad all foreign currencies which they have obtained or which they possess in accordance with regulations.

Foreign nationals and Yugoslav citizens working abroad temporarily may on their departure from Yugoslavia carry with them foreign exchange which they brought into Yugoslavia and other foreign exchange which they are free to possess in Yugoslavia in accordance with regulations.

Dinars which foreign nationals and Yugoslav citizens working abroad temporarily possess in Yugoslavia and which originate from foreign exchange sold to an authorized bank or currency exchange office may be carried out of Yugoslavia in the denominations and amounts which are allowed to be carried out or may be used to purchase the same foreign currency for purposes of transfer abroad.

#### Article 101

Yugoslav nationals, except during temporary employment abroad, may not have current or other accounts abroad, may not possess foreign savings account passbooks or money cards (novcana kartica) nor may they purchase foreign securities or borrow abroad.

Domestic savings account passbooks denominated in dinars and made out to a specific individual and domestic and foreign savings account passbooks possessed by foreign nationals and Yugoslavs employed abroad temporarily and which are denominated in foreign currencies may be freely carried or sent out of Yugoslavia.

Domestic savings account passbooks in dinars which are not made out to a specific individual may be carried or sent from Yugoslavia only with permission of the national bank of the republic or the national bank of the autonomous province, in conformity with the conditions prescribed by the National Bank of Yugoslavia.

#### Article 102

Domestic securities denominated in foreign exchange or dinars may freely be carried or sent into and out of Yugoslavia.

Foreign securities may freely be carried or sent into Yugoslavia, but they may be carried or sent out of Yugoslavia only with the permission of the national bank of the republic or the national bank of the autonomous province, in conformity with the conditions prescribed by the National Bank of Yugoslavia.

#### Article 103

During temporary employment abroad and after their definitive return to the country Yugoslav nationals may negotiate foreign securities, coupons of foreign securities and foreign savings account passbooks through fully authorized banks.

Yugoslav nationals residing in Yugoslavia who on the basis of inheritance or on some other basis have acquired the right to foreign securities, coupons of foreign securities and foreign savings account passbooks may redeem them through fully authorized banks.

The instruments referred to in Paragraphs 1 and 2 of this article may be sold to fully authorized banks and paid for either in dinars or foreign exchange, in accordance with regulations.

#### Article 104

Checks drawn in Yugoslavia on foreign persons may not be resold nor endorsed in Yugoslavia.

Checks in dinars drawn in Yugoslavia may not be honored if they have been endorsed by a foreign person.

#### 4. Trade in Gold

#### Article 105

Gold coin and newly mined gold (nepreradjeno zlato) may be exported and carried out of the country by the following:

- 1) the National Bank of Yugoslavia--in the form of newly mined gold and coin;
- 2) organizations of associated labor engaged in the production of gold (hereinafter referred to as "gold producers")--in the form of newly mined gold;
- 3) fully authorized banks--in the form of gold coin.

Domestic persons other than the persons referred to in Paragraph 1 of this article may export and carry newly mined gold and gold coin abroad only with permission of the National Bank of Yugoslavia.

#### Article 106

Gold producers may sell newly mined gold to organizations of associated labor which use gold as part of their regular activity and to government agencies for their needs (hereinafter referred to as "gold users") and to the National Bank of Yugoslavia, or they may sell it abroad.

Gold users and the National Bank of Yugoslavia may sell newly mined gold abroad as well.



The Federal Executive Council shall prescribe the conditions under which gold users may purchase newly mined gold from gold producers in Yugoslavia or abroad.

#### Article 107

Only gold users may melt down gold and make gold bars, and they may do so for their own purposes and to meet the needs of other gold users.

The melting down of gold coin is prohibited.

#### Article 108

Authorized banks, gold producers and gold refineries may exchange articles of gold and scrap gold for gold alloy used in dentistry.

Authorized banks may exchange gold coin for gold alloy used in dentistry.

#### Article 109

The trade in articles of gold, scrap gold, gold alloy used in dentistry and other dental gold shall be unrestricted within the limits of regulations on commodity trade and regulations on control of articles manufactured from precious metals.

Authorized banks may purchase gold coin from domestic and foreign persons at the price at which such gold is sold on the world market.

#### Article 110

Gold producers must keep records on the amount of gold produced and sold, and gold users must keep records on amounts of gold purchased and processed.

The federal secretary for finance shall prescribe the manner in which the records referred to in Paragraph 1 of this article shall be kept.

#### Article 111

In the context of this law the term "gold" refers to gold in whatever state and form except articles of gold and scrap gold.

In the context of this law the term "articles of gold" refers to jewelry, ornaments, articles which have artistic value and other use value manufactured from gold.

In the context of this law the term "scrap gold" refers to articles of gold which are purchased or sold by weight, purity and the price of pure gold without taking into account manufacturing costs.

In the context of this law the term "gold bar" refers to newly mined gold in whatever form.

In the context of this law the term "gold coin" refers to all types of gold coins regardless of whether they are legal tender in any country.

#### Article 112

If the situation with regard to liquidity of international payments, the level and composition of foreign exchange holdings and other considerations so require, the Federal Executive Council may restrict or prohibit gold from being exported and carried abroad and may restrict domestic trade in gold.

### VII. International Payments

#### Article 113

International payments shall be made in dinars and foreign exchange.

Payments in transaction of business with countries with which a payments or other international treaty has been concluded calling for payment in convertible currencies shall be made in dinars, in agreed convertible currencies or in other convertible currencies.

Payments in transactions with countries with which an international treaty has been concluded calling for the clearing method of payment shall be made in the currency of account envisaged by that treaty.

Payments traffic with the developing countries shall be conducted in dinars and foreign exchange as envisaged in the international treaties with those countries.

Payments traffic with countries with which an international treaty has not specified the method of payment shall be conducted in dinars and convertible currencies.

The National Bank of Yugoslavia shall prescribe the manner in which international payments shall be made and shall issue instructions so that international payments traffic is conducted uniformly.

#### Article 114

On the basis of consent from the competent bodies of the republics and autonomous provinces the Federal Executive Council shall specify the conditions under which the national banks of the republics and the national banks of the autonomous provinces may approve a different method of international payments than the method envisaged by the treaty referred to in Article 113 of this law, unless such method of payment has been precluded by that treaty.

The Federal Executive Council may set forth the conditions and manner of contracting for the export of goods and services to particular countries so that collection for the exports is made by importing goods and the rights based on exports realized in this manner.

In agreement with the Federal Executive Council the National Bank of Yugoslavia may order, if exceptional circumstances so require, that payments and collections in a particular currency be made only with countries with which an international treaty has specified that payments and collections be made solely in that currency or with countries in which that currency is the national currency.

The national bank of the republic or the national bank of the autonomous province may allow an organization of associated labor to make payments or collections in an effective foreign currency under conditions specified by the Yugoslav National Bank, and it may allow it to collect part payment for exports of goods and services in a country which may not be transferred according to the regulations of the relevant country.

The national bank of the republic or the national bank of the autonomous province may allow an organization of associated labor to offset its foreign payables and receivables under the conditions specified by the National Bank of Yugoslavia. The date of the permit's issuance shall be regarded as the date of payment or collection.

#### Article 115

International payments shall go through fully authorized banks unless this law states otherwise.

Authorized banks shall conduct payments traffic with countries with which a treaty has been concluded on the clearing method of payment through the clearing account of the National Bank of Yugoslavia.

A domestic person shall choose the fully authorized bank through which that person will conduct his traffic of international payments.

#### Article 116

Basic and other organizations of associated labor and other social juridical persons shall select one authorized bank in which they shall keep foreign exchange in a foreign exchange account.

Basic organizations of associated labor may also keep foreign exchange in their internal bank, which shall hold that foreign exchange in their name in a foreign exchange account in an authorized bank or which may sell it on the unified foreign exchange market.

#### Article 117

The National Bank of Yugoslavia shall conduct international payments traffic to meet the needs of the Federation and its bodies, agencies and organizations.

As an exception to the provision of Paragraph 1 of this article, international payments traffic which an agency competent for the trade in and

reserves of special-purpose products conducts on behalf of basic organizations of associated labor which are producers of special-purpose products and the manner of payments and collections related to those transactions shall be set forth in a social compact which the Federal Executive Council shall conclude with those organizations.

If the social compact referred to in Paragraph 2 of this article is not concluded within 30 days following the day when this law takes effect, the Federal Executive Council shall issue an order on the conditions and manner of the handling of payments traffic referred to in that paragraph.

#### Article 118

Domestic persons must collect and bring into Yugoslavia the foreign exchange earned by exporting goods and services within 90 days from the day when the goods were exported or when the service was rendered. The date when goods clear customs shall be regarded as the date of export of goods.

Domestic persons must collect claims on the basis of exports of goods and services on credit and repatriate the foreign exchange proceeds within the period envisaged by the credit contract.

Domestic persons must collect claims arising on some other basis and repatriate the foreign exchange proceeds within 90 days from the date when the claim became payable. Individual citizens working abroad temporarily are exempted from this obligation.

Yugoslavs employed abroad temporarily must bring the foreign exchange which they possess abroad into the country within 90 days from the date of their definitive return to the country.

The date when foreign exchange is collected and repatriated under Paragraphs 1 through 4 of this article shall be taken as the day when the amount of foreign exchange was posted in the account of the authorized bank, the date when the account of the domestic person in an authorized bank was debited to the credit of another domestic person, or the day when a domestic person deposits foreign exchange brought into the country with the authorized bank for settlement of the account.

When collection is made in the context of Article 114, Paragraph 2, of this law, the National Bank of Yugoslavia may prescribe which date shall be taken as the date of collection and the date when the foreign exchange was brought into Yugoslavia.

If an organization of associated labor has been allowed to hold foreign exchange abroad under Article 121 of this law, the date when the amount of foreign exchange is posted in the account of the organization of associated labor shall be taken as the date when the foreign exchange was collected and repatriated.

The federal secretary for foreign trade, after first obtaining the opinion of the federal administrative agency competent for the relevant type of service, shall prescribe which date shall be taken as the date when a service was rendered under the provisions of this article.

#### Article 119

Domestic persons must import a commodity which has been paid for or obtain a service which has been paid for within 90 days from the date when the fully authorized bank executes the order for payment. The date when the commodity clears customs is taken as the date of import.

#### Article 120

The national bank of the republic or the national bank of the autonomous province may extend the period referred to in Articles 118 and 119 of this law under the conditions defined by the National Bank of Yugoslavia.

The National Bank of Yugoslavia may extend the period referred to in Articles 118 and 119 of this law for transactions which under the provisions of this law pertain to special-purpose products and other forms of foreign economic relations of particular public interest.

An appeal may be filed with the National Bank of Yugoslavia against a decision of the national bank of the republic or the national bank of the autonomous province rendered on the basis of Paragraph 1 of this article.

#### Article 121

When the conduct of foreign business operations so requires, the national bank of the republic or the national bank of the autonomous province may grant permission for an organization of associated labor to hold the foreign exchange necessary to the conduct of that business in accounts abroad or to conduct that business through an open account, under the conditions defined by the National Bank of Yugoslavia.

An appeal may be filed with the National Bank of Yugoslavia against a decision of a national bank of a republic or national bank of an autonomous province rendered under Paragraph 1 of this article.

Organizations of associated labor must submit reports to the national bank of the republic or the national bank of the autonomous province concerning the transactions and balance of the account referred to in Paragraph 1 of this article, as well as other information related to the conduct of business abroad through such accounts, such reporting to be in the manner and on the date specified by the National Bank of Yugoslavia in agreement with the Federal Executive Council.

The national banks of the republics and the national banks of the autonomous provinces shall submit reports to the National Bank of Yugoslavia on transactions and balances of the accounts referred to in Paragraph 1 of this article in the manner and on the date specified by the National Bank of Yugoslavia.

#### Article 122

Differences in value coming about in foreign business transactions because of transportation risks, discounts, penalties, rebates, value adjustments, and the like which ought to have been paid or collected or repatriated shall be documented. The management body of the organization of associated labor shall decide on the justifiability of the difference that has come about.

The manner and procedure of justifying differences as referred to in Paragraph 1 of this article shall be prescribed by the federal secretary for finance in agreement with the federal secretary for foreign trade.

#### Article 123

Payments and collections related to transactions involving imports and exports of goods and services in local border traffic and neighboring overseas traffic and to international fair compensation contracts shall be governed by a regulation issued by the Federal Executive Council with the concurrence of the competent bodies of the republics and autonomous provinces, in conformity with this law and international treaties concerning such traffic.

#### Article 124

Foreign persons may deposit dinars and foreign exchange in demand accounts and time accounts or may purchase savings certificates only in authorized banks.

After first obtaining the opinion of the authorized banks the National Bank of Yugoslavia may define the conditions under which deposits of funds of foreign persons may be accepted.

#### Article 125

Foreign persons may acquire dinar funds in an account with an authorized bank in the following ways:

- 1) by purchasing dinars for foreign exchange as referred to in Article 56, Paragraph 1, of this law;
- 2) by selling to a domestic person for dinars goods and services which the domestic person has the right to import and pay for under the provisions of this law and regulations enacted on the basis of this law;
- 3) through a transfer from the account of another foreign person who has funds on either of the bases referred to under Subparagraphs 1 and 2 of this paragraph.

Foreign persons may use dinar balances acquired under Paragraph 1 of this article to pay for goods and services and to make all other payments in Yugoslavia, for transfer abroad and for transfer to another foreign person.

Domestic persons making collections under Paragraph 2 of this article shall acquire the rights on the basis of those dinar funds which they would have under the regulations were the collection made in foreign exchange.

Foreign persons may also use dinar funds acquired under Paragraph 1 of this article to extend credit to organizations of associated labor and other public legal persons. Organizations of associated labor and other public legal persons may take such credit in conformity with the provisions of Articles 143 through 186 of this law.

#### Article 126

Dinar funds which foreign persons realize on some other basis than the bases referred to in Paragraph 1 of Article 125 of this law may be held by them in an account in an authorized bank or used to make certain payments in Yugoslavia, for transfer to certain foreign persons and for transfer abroad, under the conditions set forth by the Federal Executive Council.

Domestic persons may acquire certain rights on the basis of dinars collected on the basis of Paragraph 1 of this article, such rights to be set forth by the Federal Executive Council after first obtaining the opinion of the Yugoslav Community.

Domestic persons shall not be assured rights on the basis referred to in Article 70 of this law for payments abroad for the amount of dinar claims of foreign persons for services rendered to domestic persons which on the basis of the regulation referred to in Paragraph 1 of this article they may not transfer abroad, but which are used only for certain payments in Yugoslavia.

#### Article 127

Basic and other organizations of associated labor and other domestic persons shall pay for goods and services which are imported and shall make other payments abroad on the basis of the uniform criteria referred to in Article 70 and the acts referred to in Articles 75 and 78 of this law:

- 1) with foreign exchange realized under Articles 67 and 84 and Article 138, Paragraph 4, of this law and with dinars realized under Articles 125 and 126 of this law;
- 2) with foreign exchange obtained on the basis of a pooling arrangement with other organizations of associated labor as referred to in Article 68 of this law;
- 3) with foreign exchange purchased on the foreign exchange market in conformity with the provisions of Article 70 and Articles 78 and 79 of this law;
- 4) with foreign exchange obtained on the basis of credit abroad;
- 5) with foreign exchange brought into Yugoslavia on the basis of a contract whereby foreign persons invest funds in a domestic organization of associated labor;

6) with foreign exchange obtained from individual citizens by issuing bonds under Article 94 of this law;

7) with foreign exchange realized on the basis of a transfer of earnings and recovery of invested assets and on the basis of interest on credit extended;

8) with foreign exchange realized from other relations abroad, in accordance with regulations.

Authorized banks shall purchase on the unified foreign exchange market that foreign exchange required to pay interest in foreign exchange which they pay on the foreign exchange savings deposits of individual citizens on the basis of the uniform criteria referred to in Article 70 of this law.

#### Article 128

International payments conducted through a fully authorized bank shall be conducted through foreign exchange accounts in Yugoslavia.

The payments traffic referred to in Paragraph 1 of this article shall be monitored and audited by the national banks of the republics and the national banks of the autonomous provinces in the manner prescribed by the National Bank of Yugoslavia.

So as to ensure unity in public oversight and recordkeeping, the Social Accounting Service is hereby authorized to examine as necessary the conduct of business pertaining to payments traffic and to the monitoring of international payments traffic.

The federal secretary for finance shall specify which data concerning payments traffic fully authorized banks must furnish to the Social Accounting Service.

#### Article 129

Basic and other organizations of associated labor and other domestic persons shall pay for goods whose importation is regulated by assignment of a commodity quota, a foreign exchange quota or the issuance of an import permit with the foreign exchange and dinars referred to in Article 127 of this law, within the limits of their right to import such goods.

#### Article 130

Basic and other organizations of associated labor and other domestic persons shall pay for services rendered by foreign persons whose use is governed by special conditions prescribed by the Federal Executive Council with the concurrence of the competent bodies of the republics and autonomous provinces with the foreign exchange and dinars referred to in Article 127 of this law.



#### Article 131

With the concurrence of the competent bodies of the republics and autonomous provinces the Federal Executive Council shall prescribe the conditions under which patents, licenses and other industrial property may be purchased abroad and paid for with the funds referred to in Article 127 of this law.

The Federal Executive Council shall specify the conditions under which patents, licenses and other industrial property may be purchased abroad to meet the needs of national defense and paid for with the funds referred to in Article 127 of this law.

#### Article 132

Organizations of associated labor rendering services in international freight, cargo and passenger transportation shall make collections from domestic persons in dinars for their services on international routes.

Organizations of associated labor which are users of freight services in exporting are required within the period stipulated in the contract for payment of freight services between foreign points to transfer to the organization of associated labor referred to in Paragraph 1 of this article foreign exchange in the amount of the value of transportation services.

Organizations of associated labor which are users of freight services in importing are required within the period stipulated in the contract for payment of transportation services between foreign points to transfer foreign exchange to the credit of the organization of associated labor which is the carrier in the amount of the actual costs of transport between foreign points.

Organizations of associated labor which render services in international freight and passenger traffic and postal, telephone and telegraph service shall be guaranteed the right to purchase foreign exchange up to the amount of contractual obligations referred to in Article 70 of this law.

#### Article 133

The entire amount of foreign exchange realized by exporting products or components which are involved in long-term production cooperation may be used for imports involved in that cooperation, in accordance with federal law.

#### Article 134

Organizations of associated labor may also hold foreign exchange to be used in carrying out capital investment projects abroad in accounts in foreign banks on the basis of a permit issued by the national bank of the republic or the national bank of the autonomous province under the conditions specified by the National Bank of Yugoslavia.

Organizations of associated labor carrying out capital investment projects abroad must repatriate earnings realized in foreign exchange from each transaction within 90 days from the date when the project was completed. The national bank of the republic and the national bank of the autonomous province may extend that period under the conditions specified by the National Bank of Yugoslavia.

An appeal may be filed with the National Bank of Yugoslavia against a decision of the national bank of a republic or the national bank of an autonomous province rendered under Paragraph 2 of this article.

Organizations of associated labor carrying out capital investment projects abroad may, while those projects are under way, handle foreign exchange, may compute their operating costs and may determine their net earnings from those transactions under the conditions and in the manner prescribed by the Federal Executive Council with concurrence of the competent bodies of the republics and autonomous provinces.

#### Article 135

Organizations of associated labor which act as intermediaries in import and export transactions shall make payments and collections in those transactions with the funds referred to in Article 127 of this law under the conditions prescribed by the Federal Executive Council with the concurrence of the competent bodies of the republics and autonomous provinces.

#### Article 136

Foreign exchange which organizations of associated labor earn in the business of upgrading goods (industrial finishing, processing, dressing or repair) owned by foreign persons shall be regarded as foreign exchange earned by exporting goods and services with respect to acquiring rights under the provisions of this law.

An organization of associated labor shall pay for the services of upgrading domestic goods rendered by foreign persons with the funds referred to in Article 127 of this law, within the framework of regulations governing goods which are exported for upgrading and subsequently imported.

#### Article 137

Organizations of associated labor rendering services in international freight, cargo and passenger transportation shall pay operating expenses abroad with the funds referred to in Article 127 of this law.

The Federal Executive Council shall define what is meant by operating costs abroad which organizations of associated labor are to pay under Paragraph 1 of this article.

#### Article 138

Insurance communities and reinsurance communities shall collect insurance premiums and reinsurance premiums from domestic persons and shall pay losses to those persons (reimbursement of loss, face amounts and costs)--in dinars. These communities and other domestic persons shall also use dinars for other payments involved in insurance and reinsurance transactions.

Insurance and reinsurance communities shall collect insurance premiums and reinsurance premiums from foreign persons in foreign exchange or dinars which those foreign persons possess under Articles 125 and 126 of this law, and they shall pay reinsurance premiums and losses to such persons in foreign exchange or dinars. Other payments involved in insurance and reinsurance transactions between insurance communities and foreign persons or between reinsurance communities and foreign persons shall also be made in foreign exchange or dinars.

As an exception to the provisions of Paragraph 1 of this article, the Federal Executive Council may order that certain organizations of associated labor and other public legal persons may pay premiums in foreign exchange and that those organizations may be paid losses or other payments involved in insurance and reinsurance transactions in foreign exchange.

Insurance communities and reinsurance communities shall pay losses, insurance premiums and reinsurance premiums and shall make other payments related to insurance and reinsurance transactions with the dinars and foreign exchange referred to in Article 127 of this law.

The Federal Executive Council shall specify under what conditions and in what cases domestic persons may purchase foreign exchange from an authorized bank up to the amount of dinars collected as reimbursement for loss on the basis of insurance. Domestic persons may use purchased foreign exchange to pay for importation of goods and services covered by insurance claims they have collected. Domestic persons shall pay for such goods and services without restriction even though importation of such goods or services is regulated.

The Federal Executive Council shall specify the conditions under which collection of an insurance claim in transactions involving the export of goods and services shall be regarded as a collection based on exports.

The face amount of an insurance policy covering the insurance referred to in Paragraphs 2 and 3 of this article must be expressed in foreign exchange.

#### Article 139

Funds which a foreign party to a contract earns in a joint venture with a domestic organization of associated labor may be transferred abroad up to the amount of one-half of the inflow of foreign exchange achieved by exporting the products and services from that venture.

Funds which a foreign party to a contract earns in a joint venture with a domestic organization of associated labor in the economically underdeveloped republics or the Socialist Autonomous Province of Kosovo may be transferred abroad up to the amount of the actual share in net income. The transfer shall be made with the funds referred to in Article 127 of this law.

If an investment contract has terminated because of achievement of the goals of the venture or because the time covered by it has expired, if an investment contract has been dissolved for the reasons envisaged by federal law, or if an investment contract has provided that the foreign party to the contract may withdraw part of the funds invested even while the contract is in force, the domestic organization of associated labor shall make the transfer of the funds invested or remainder of the funds invested with the foreign exchange referred to in Article 127 of this law.

If there is no net foreign exchange inflow in a particular year from which a transfer can be made of the funds which the foreign party to the contract has earned in the joint venture, the transfer referred to in Paragraph 1 of this article may be made on the basis of the inflow of foreign exchange in subsequent years.

#### Article 140

A production organization of associated labor which in accordance with regulations makes an investment of capital assets and working capital belonging to the society at large in order to conduct its business activities abroad shall make those investments with the assets referred to in Article 127 of this law.

Organizations of associated labor which have entered into association in order to conduct commercial transactions with goods and services abroad, organizations of associated labor engaged in export and import transactions which are organized and which conduct their business on the principles of mandatory cooperation with production and other organizations of associated labor for which they conduct export or import transactions, and organizations of associated labor engaging in export and import transactions which are required to pool their labor and assets with production and other organizations of associated labor with which they do business may use the funds referred to in Article 127 of this law to make the investments of capital assets and working capital in order to conduct those transactions abroad.

The funds referred to in Article 127 of this law may be used for investment to establish banks abroad in accordance with federal law.

An organization of associated labor which has invested capital assets and working capital belonging to the society at large in an enterprise abroad must repatriate the share of the earnings to which it is entitled within 90 days from expiration of the period covered by the year-end income statement under the statutes of the country in which that enterprise is located.

#### Article 141

Organizations of associated labor which are engaged in exploration, operation, replenishment and maintenance of reserves of ores and other mineral resources abroad shall pay the expenses of those operations with the funds referred to in Article 127 of this law.

#### Article 142

Organizations of associated labor may use the funds referred to in Article 127 of this law to pay expenses of business trips and advertising abroad, expenses of representative offices and representatives abroad, expenses of advanced professional training of employees abroad, fees and taxes, membership dues and assessments, and other expenses related to the conduct of business abroad.

Business communities, banking organizations, cooperatives, chambers and other general associations, self-managing communities of interest and other self-managing organizations and communities, sociopolitical and other civic organizations, and other legal persons shall use the funds referred to in Article 127 of this law to pay expenses of official travel abroad, expenses of advanced professional training of employees abroad, fees and taxes, membership dues and assessments, and other expenses abroad related to the performance of their activity.

On the basis of the concurrence of the competent bodies of the republics and autonomous provinces and after first obtaining the opinion of the Yugoslav Community, the Federal Executive Council shall prescribe the conditions under which particular expenditures referred to in Paragraphs 1 and 2 of this article may be incurred and paid for.

### VIII. Credit Relations With Foreign Countries

#### 1. General Conditions

#### Article 143

In the context of this law credit relations with foreign countries are understood to consist of the following:

- 1) exports and imports of goods and services on credit, except goods and services for which payment is agreed in less than 90 days (hereinafter referred to as "commercial credit");
- 2) credit secured abroad to cover imports of goods and services and credit extended abroad to cover exports of goods and services (hereinafter referred to as "commodity credit");
- 3) the securing and extension of financial credit;

- 4) the securing of foreign short-term credit by fully authorized banks on the basis of lines of credit (hereinafter referred to as "bank lines of credit");
- 5) the raising of funds by issuing bonds on the foreign financial market;
- 6) the raising of funds on the foreign financial market by refinancing accounts receivable on the basis of credits extended abroad;
- 7) the securing of credit to maintain Yugoslavia's liquidity in international payments;
- 8) the acceptance and placement of deposits and the issuance and acceptance of guaranties, superguaranties and other forms of suretyship in relations with foreign countries.

#### Article 144

The provisions of this law which pertain to funds raised by the securing of financial credits abroad shall apply to funds raised by issuing bonds on the foreign financial market and to funds raised on the foreign financial market by refinancing balances of credits extended abroad.

The manner of the issuance of and trade in bonds on the foreign financial market shall be regulated by federal law.

#### Article 145

The term "commodity credit" refers to credit transactions in which the creditor extends credit to the borrower in order to finance the purchase of goods and payment for services and in which the credit contract specifies the purpose for which the funds are to be used.

The term "bank line of credit" refers to foreign short-term credit to be repaid within 12 months which a fully authorized bank uses from a foreign bank.

Commercial credit also encompasses the export and import of goods and services on credit.

#### Article 146

Basic and other organizations of associated labor and other social juridical persons may borrow abroad or may extend credits abroad on the basis of uniform criteria on contracting indebtedness set forth by the Yugoslav Community in collaboration with the republic and provincial communities, with the consent of the Federal Executive Council.

If the uniform criteria referred to in Paragraph 1 of this article are not set forth simultaneously with adoption of joint foreign exchange policy, the Federal Executive Council shall issue criteria within a further period of 15 days.

Basic and other organizations of associated labor and other social juridical persons shall exercise the rights referred to in Paragraph 1 of this article to the certain level established by the credit-guaranty potential of the authorized banks within the limits of the amount envisaged by the projection of Yugoslavia's balance of payments and exchange balance in conformity with the established joint foreign exchange policy, particular consideration being made to the amount of indebtedness of individual entities, their ability to repay in foreign exchange existing and new credits, and the level of the country's indebtedness.

The Federal Executive Council shall by the end of each year for the following year set forth in its act the level to which the authorized banks may conclude credit transactions with foreign countries and issue guaranties for credit transactions with foreign countries.

The level up to which authorized banks may conclude credit transactions with foreign countries and issue guaranties for credit transactions with foreign countries shall be monitored by the National Bank of Yugoslavia.

Within the framework of the criteria set forth as referred to in Paragraph 1 and the volume of indebtedness referred to in Paragraph 3 of this article preference in borrowing abroad shall be given to organizations of associated labor which in their development contribute to achieving the goals set forth and proportions planned in social plans and Yugoslavia's balance of payments and exchange balance, in particular the augmentation of exports, optimum import substitution, stabilization of the domestic market, and to meet the needs of faster development of the economically underdeveloped republics and the Socialist Autonomous Province of Kosovo.

#### Article 147

Basic and other organizations of associated labor and fully authorized banks may issue commodity credit and financial credit on behalf of basic and other organizations of associated labor to borrowers abroad in order to promote exports of Yugoslav goods and services and to organize the sale of Yugoslav goods and services, and they may also extend financial credit for other purposes which promote foreign economic relations, under the conditions prescribed by the Federal Executive Council on the basis of the concurrence of the competent bodies of the republics and autonomous provinces.

#### Article 148

Upon the recommendation of the National Bank of Yugoslavia the Federal Executive Council shall define the conditions under which fully authorized banks may deposit funds in accounts abroad either for an unspecified period with a period of notice required before withdrawal or for periods specified in advance.

#### Article 149

In order to ensure concerted action on the foreign financial market for capital, domestic persons taking credit abroad or extending credit to foreign

persons must abide by the conditions that they have set forth in a joint agreement or social compact or self-management accord when they take or extend credit or issue guaranties and other forms of suretyship.

On the basis of the concurrence of the competent bodies of the republics and autonomous provinces and the recommendation of the National Bank of Yugoslavia and after first obtaining the opinion of the Yugoslav Community, the Federal Executive Council shall establish the conditions that shall serve as a framework for the organized action of domestic persons on the foreign financial market for capital.

Remaining within the framework of the conditions referred to in Paragraph 2 of this article, fully authorized banks shall conclude an agreement whereby they set forth the special conditions under which they shall obtain and extend credit abroad and extend guaranties and other forms of suretyship to cover credit which basic and other organizations of associated labor and other public legal persons take abroad.

If the agreement, social compact or self-management accord referred to in Paragraph 1 of this article is not concluded, the Federal Executive Council shall define the conditions referred to in that paragraph, and they shall remain in effect until the agreement, social compact or self-management accord is concluded.

If no agreement as referred to in Paragraph 3 of this article is concluded, the National Bank of Yugoslavia shall define the special conditions referred to in that paragraph, and they shall remain in effect until the agreement is concluded.

#### Article 150

The following may establish credit relations with foreign countries as referred to in Article 143 of this law:

- 1) basic and other organizations of associated labor and self-managing communities of interest in the production sector, within the limits envisaged by the self-management accord whereby they entered into association;
- 2) fully authorized banks;
- 3) the National Bank of Yugoslavia;
- 4) sociopolitical communities;
- 5) the Federal Directorate for Commerce in and Reserves of Special-Purpose Products.

The domestic persons referred to in Paragraph 1 of this article may establish credit relations and conduct credit transactions with foreign countries provided they furnish the foreign exchange in accordance with this law in order to discharge the obligations they have assumed in connection with those transactions.



The domestic persons referred to in Paragraph 1 of this article may not take credits abroad, issue guaranties or other forms of surety abroad nor perform other acts which precede the conclusion of credit contracts which would create any sort of obligations for the Socialist Federal Republic of Yugoslavia in the domain of credit transactions with foreign countries except the obligations assumed in conformity with the provisions of this law.

#### Article 151

Social juridical persons may make current international payments and establish new credit relations with foreign countries only after meeting obligations abroad which have come due.

Authorized banks may not execute orders of social juridical persons for current payments abroad and may not issue guaranties to establish new credit relations unless such persons have discharged fixed and guaranteed obligations which have come due.

### 2. The Conduct of Credit Transactions With Foreign Countries

#### 1) Organizations of Associated Labor

#### Article 152

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may take and extend credit abroad, may raise funds by issuing bonds abroad, and may refinance accounts receivable on the basis of credit extended abroad in accordance with their development plans and the established joint policy governing foreign credit, up to the limit fixed on the basis of Article 146 of this law.

#### Article 153

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may conduct the transactions referred to in Article 152 of this law under the following conditions:

- 1) if the credit transactions are conducive to conduct of the business or performance of the activity for which they are registered;
- 2) if they meet the conditions of creditworthiness;
- 3) if the credit transaction conforms to the general conditions and limits established by their general self-management act adopted in conformity with the Law on the Monetary System;
- 4) if the managing body of those organizations or communities has made the decision that a specific credit transaction shall be conducted;
- 5) if they have made provision for the foreign exchange required to repay the credit in conformity with this law.

The National Bank of Yugoslavia shall prescribe the conditions that will apply in establishing creditworthiness as referred to in Paragraph 1, Subparagraph 2, of this law.

#### Article 154

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law shall extend commodity credit and financial credit with the dinars and foreign exchange referred to in Article 127 of this law, except for foreign exchange raised from individual citizens by issuing bonds.

The organizations and communities referred to in Paragraph 1 of this article shall extend the credit referred to in that paragraph for the purposes set forth in Article 147 of this law.

#### Article 155

Credit transactions involving the export and import of goods and services whose export or import is regulated may be conducted only in conformity with regulations governing the export and import of such goods and services.

#### Article 156

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law shall pay their foreign exchange obligations abroad arising out of commercial credit, commodity credit and financial credit with the foreign exchange and dinars referred to in Article 127 of this law, but not including foreign exchange raised by taking credit abroad and foreign exchange raised from private individuals by issuing bonds.

On the basis of the concurrence of the competent bodies of the republics and autonomous provinces the Federal Executive Council shall prescribe the conditions under which the funds referred to in Paragraph 2 of this article may be used to discharge obligations arising out of commercial credit, commodity credit and financial credit that have been taken.

#### Article 157

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may use funds raised on the basis of financial credit for the following purposes:

- 1) to make payments abroad in conformity with this law;
- 2) to extend credit and to make other investments abroad;
- 3) to enter into association or to pool foreign exchange in accordance with the provisions of this law.

If the financial credit is entirely or partially used to extend credit abroad or for other placement abroad, obligations under the financial credit that has been taken shall also be discharged with the foreign exchange from installments paid against those credits and with the foreign exchange obtained in the form of earnings (income from the placement of those credits).

The organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may also use funds obtained through collection of installments and income earned on credits extended abroad to repay financial credit that has been taken.

#### Article 158

An organization or community as referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may issue a guaranty or other form of suretyship in connection with a credit transaction abroad undertaken by another organization of associated labor or community if it has concluded with it a self-management accord or a contract to pool foreign exchange under the provisions of this law.

An organization or community as referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may issue guaranties and other forms of suretyship to cover specific credit transactions which are being conducted by an enterprise which it has established abroad or a mixed enterprise which has been established with the assets of that organization or community and assets of foreign legal and natural persons.

On the recommendation of the Yugoslav Community the Federal Executive Council shall specify for which credit transactions as referred to in Paragraph 2 of this article the organizations and communities referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may issue guaranties and other forms of suretyship.

An organization or community as referred to in Article 150, Paragraph 1, Subparagraph 1, of this law may issue a guaranty or other form of suretyship as referred to in Paragraphs 1 and 2 of this article if it meets the conditions of creditworthiness and if the governing body of the organization or community has passed the decision to undertake each individual guaranty or suretyship.

The organization or community acting as guarantor shall meet obligations arising out of suretyship with the foreign exchange referred to in Article 156 of this law.

#### Article 159

If one or several basic organizations of associated labor so decide, an internal bank may on their account conclude contracts concerning commercial and financial credit with the account of those organizations within the limits of the authority granted it and in conformity with law.

## 2) Fully Authorized Banks

### Article 160

Fully authorized banks may conduct credit transactions with foreign countries as referred to in Article 143, Subparagraphs 2 through 6 and Subparagraph 8, of this law in order to conduct, expand and promote activity of organizations of associated labor which is in accordance with the development plans of those organizations and the established policy governing credit relations with foreign countries.

Fully authorized banks shall conduct credit transactions in their own name and on the account of organizations of associated labor and other public legal persons.

Fully authorized banks may conclude contracts and secure credit or extend credit abroad only up to the amount set on the basis of Article 146 of this law.

The volume of short-term indebtedness to be used solely for overcoming seasonal discrepancies in the current inflow of foreign exchange and the outflow of banks and their customers (the bank's short-term credit line and acceptance of short-term deposits) shall be fixed by the Federal Executive Council on the recommendation of the National Bank of Yugoslavia.

### Article 161

A fully authorized bank may conduct credit transactions with foreign countries as referred to in Articles 143 and 160 of this law under the following conditions:

- 1) if it meets the conditions of creditworthiness;
- 2) if the governing body of the organization of associated labor has decided that the bank shall conduct the credit transaction referred to in Article 143, Subparagraphs 2, 3, 5 and 8, of this law on the account of that organization;
- 3) if the competent body of the bank has decided that the bank shall take short-term credit;
- 4) if the credit transaction is registered under Article 185 of this law;
- 5) if the decision referred to in Article 153, Paragraph 1, Subparagraph 4, of this law has been made for each individual guaranty, superguaranty or other form of suretyship;
- 6) if it abides by the special conditions referred to in Article 149 of this law.

#### Article 162

A fully authorized bank may extend commercial and financial credit from the funds and under the conditions referred to in Articles 147 and 156 of this law.

#### Article 163

In concluding a contract to secure financial credit abroad a fully authorized bank shall abide by the conditions concerning the taking of that credit which it has established by written contract with the organization or organizations of associated labor on whose behalf it is taking the credit. That contract may also specify the purpose for which the funds of the financial credit are to be used.

#### Article 164

Fully authorized banks may also conclude a special long-term or intermediate-term commercial credit abroad on the basis of a continuing agreement or line of credit.

Fully authorized banks may use credit established under the provision of Paragraph 1 of this article only on the account of an organization of associated labor. Banks authorized to handle international transactions may use this kind of foreign credit if in every individual case the organizations of associated labor sign a written contract to the effect that they accept the conditions and the purpose for which the continuing agreement or line of credit is to be used.

#### Article 165

Fully authorized banks may use foreign exchange which they obtain on the basis of financial credit in accordance with the order of the organization of associated labor--for the purposes referred to in Article 157, Paragraph 1, of this law.

Obligations related to the credit referred to in Paragraph 1 of this article shall be discharged in accordance with Article 156, Paragraphs 1 and 2, and Article 157, Paragraph 3, of this law.

#### Article 166

Fully authorized banks may accept deposits of foreign persons in accordance with the special conditions set forth under Article 149 of this law.

Fully authorized banks may use foreign exchange which they receive on the basis of deposits from abroad for the following purposes:

- 1) to make payments abroad in accordance with this law;
- 2) to extend credit and to make other investments abroad.

Fully authorized banks shall return the deposits and pay interest on deposits referred to in Paragraph 1 of this article with the foreign exchange which they possess in accounts abroad, foreign exchange purchased on the foreign exchange market, and foreign exchange received as credit extended or repaid.

#### Article 167

Fully authorized banks shall use bank lines of credit to make payments which organizations of associated labor and other public legal persons may make with the foreign exchange referred to in Article 127 of this law.

Banks shall repay the short-term credit referred to in Paragraph 1 of this article with the funds which they hold in accounts abroad and foreign exchange purchased on the foreign exchange market.

#### Article 168

Fully authorized banks may issue guaranties, superguaranties and other forms of suretyship to cover foreign transactions concluded by the following:

- 1) by organizations of associated labor and other public legal persons if they meet the conditions referred to in Article 158 of this law;
- 2) by other fully authorized banks if they meet the conditions referred to in Article 169 of this law.

Fully authorized banks may issue guaranties, superguaranties and other forms of suretyship on behalf of foreign persons to cover certain transactions abroad, which they shall do for the purposes and under the conditions set forth by the Federal Executive Council on the recommendation of the Yugoslav Community.

#### Article 169

Fully authorized banks may issue guaranties, superguaranties and other forms of suretyship if the self-management accord concerning the entry into association to form the bank has specified the manner in which foreign exchange obligations based on guaranties, superguaranties and other forms of suretyship shall be discharged, in accordance with the provisions of Article 127 of this law.

Organizations of associated labor and other public legal persons on whose behalf a fully authorized bank has made a payment on the basis of a guaranty, superguaranty or other form of suretyship must discharge the obligations incurred thereby from the resources and according to the provisions of Article 156 of this law.

If an organization of associated labor fails to meet the obligation it has incurred within 30 days of the date when payment was made on the basis of the guaranty, superguaranty and other form of suretyship, other organizations of associated labor which have concluded a self-management accord as referred to

in Paragraph 1 of this article shall discharge the obligation in its place with the foreign exchange referred to in Article 156 of this law, in accordance with that self-management accord.

#### Article 170

Organizations of associated labor and other public legal persons which have outstanding obligations which have come due on the basis of guaranties, superguaranties and other forms of suretyship issued on the basis of Article 169 of this law may not conclude new credit transactions with foreign countries until they have discharged their obligations in the manner envisaged in Article 169, Paragraph 2, of this law.

Fully authorized banks may not issue guaranties, superguaranties and other forms of suretyship on behalf of the organizations and persons referred to in Paragraph 1 of this article until those organizations and persons discharge their obligations in the manner envisaged in Article 169, Paragraph 2, of this law.

#### Article 171

A self-management accord among fully authorized banks shall specify which types of guaranties, superguaranties and other forms of suretyship those banks may issue in transactions with foreign countries.

If the self-management accord referred to in Paragraph 1 of this article is not concluded, the National Bank of Yugoslavia shall specify which types of guaranties, superguaranties and other forms of suretyship fully authorized banks may issue in transactions with foreign countries.

#### 3) The National Bank of Yugoslavia

#### Article 172

The National Bank of Yugoslavia may conclude credit transactions with foreign countries in its name and on its own account solely in order to maintain Yugoslavia's liquidity in international payments in conformity with the medium-term plan and policy governing foreign exchange reserves, and also within the limits envisaged by the projection of Yugoslavia's balance of payments.

The National Bank of Yugoslavia may take credit for the purposes referred to in Paragraph 1 of this article to be repaid over a period longer than 1 year solely on the basis of a federal law which shall state the purpose of the use of these credits. This restriction does not apply to credit which the National Bank of Yugoslavia secures from the International Monetary Fund.

Credit may not be extended in dinars on the basis of credit taken abroad in order to maintain Yugoslavia's liquidity in international payments.

#### Article 173

The National Bank of Yugoslavia may use the credits taken under Article 172 of this law for the following purposes:

- 1) to replenish foreign exchange reserves,
- 2) to repay fixed and guaranteed obligations under credits which it has taken and has used,
- 3) for a temporary loan to an authorized bank.

#### Article 174

The foreign exchange referred to in Article 173, Subparagraph 3, of this law may be used at the request of an authorized bank to pay fixed and guaranteed obligations under long-term, medium-term and short-term foreign credits which have been taken by domestic persons under Article 145 of this law who are not realizing a sufficient inflow in convertible foreign exchange to meet the obligations which have come due.

The authorized bank referred to in Paragraph 1 of this article is required to repay the temporary loan referred to in Article 173, Subparagraph 3, of this law and to bear the costs incurred in the use of the temporary loan.

#### Article 175

The National Bank of Yugoslavia shall conclude a contract with the bank referred to in Article 173, Subparagraph 3, of this law which shall state the conditions and manner of repayment which the banks must meet and the documentation which they must append to the application for the temporary loan.

#### Article 176

The Federal Executive Council shall issue decisions granting temporary loans to banks as referred to in Article 173, Subparagraph 3, of this law on the basis of the recommendation of the National Bank of Yugoslavia.

#### Article 177

If it does not live up to the contract referred to in Article 175 of this law, the National Bank of Yugoslavia shall cease all payments to the fully authorized bank which is the user of the temporary loan until the obligations of that bank abroad have been discharged.

#### Article 178

The National Bank of Yugoslavia may issue guaranties, superguaranties and other forms of suretyship to cover credit transactions with foreign countries solely on the basis and under the conditions set forth in federal law or on the basis of an international or intergovernmental treaty which has been



ratified, and they shall be issued for each individual credit or for more than one credit extended by a single lender.

The act of ratification of the treaty referred to in Paragraph 1 of this article shall state the conditions under which the National Bank of Yugoslavia shall issue the guaranty, superguaranty or other form of suretyship.

The procedure referred to in Article 169, Paragraphs 2 and 3, and Article 170 of this law shall apply to the guaranties, superguaranties and other forms of suretyship issued by the National Bank of Yugoslavia under Paragraph 1 of this article.

The National Bank of Yugoslavia may issue guaranties, superguaranties and other forms of suretyship on the basis of a decision of the Federal Executive Council to cover credit used by the Federal Directorate for Commerce in and Reserves of Special-Purpose Products.

The National Bank of Yugoslavia--Military Service may issue operational (cinidbene) guaranties independently.

#### 4) Sociopolitical Communities

#### Article 179

The Federation shall establish credit relations with foreign countries on the basis of a federal law enacted for each individual credit. Such law shall specify the purpose, the resources for repayment of the credit taken abroad and the purpose and source of the funds from which the credit is granted.

Credit transactions with foreign countries to meet the needs of national defense shall be based on and conducted according to a decision of the Federal Executive Council, and those coming under the medium-term plan governing the development, building and equipping of the Yugoslav Armed Forces shall conform to the Yugoslav social plan.

#### Article 180

The Federation may assume obligations as a guarantor or superguarantor on the basis of a federal law enacted specifically to undertake obligations involved in each guaranty or superguaranty.

The Federation may assume the obligation referred to in Paragraph 1 of this article if the user of the credit or the first guarantor commits himself by contract to execute all the contractual obligations from his own resources.

The provisions of Articles 169 and 170 of this law shall apply to guaranties and superguaranties which the Federation issues under Paragraph 1 of this article.

#### Article 181

If the discharge of certain obligations set forth in the projection of Yugoslavia's balance of payments so requires, a federal law may state that the Federation and the National Bank of Yugoslavia may conclude several credit transactions with foreign countries and that the Federation or the National Bank of Yugoslavia may issue guaranties and superguaranties on behalf of the Federation up to the amount and under the conditions set forth in that law.

On the basis of the authority set forth in federal law the Federal Executive Council may prescribe the conditions under which the National Bank of Yugoslavia may issue guaranties, superguaranties and other forms of suretyship in the name of the Federation to meet the needs of basic and other organizations of associated labor, if the republics and autonomous provinces guarantee to discharge the obligations incurred by the National Bank of Yugoslavia on the basis of that suretyship.

#### Article 182

The republics, the autonomous provinces and other sociopolitical communities may take credit abroad only if the taking of that credit is prescribed by law or an order issued on the basis of law, in accordance with the established policy governing credit relations with foreign countries and agreements concerning the bases of the social plans of the republics and autonomous provinces.

The republics, the autonomous provinces and other sociopolitical communities may take credit abroad only up to the limit on indebtedness fixed for the current year under Article 24 of this law.

#### Article 183

The republics and autonomous provinces may issue guaranties and superguaranties to cover credit taken abroad if the user of the credit or first guarantor commits himself in a contract that he will discharge all the contractual obligations with his own funds.

The provisions of Articles 169 and 170 of this law shall apply to obligations arising out of guaranties and superguaranties which the republics and autonomous provinces issue.

The republics and autonomous provinces may issue guaranties and superguaranties as referred to in Paragraph 1 of this article only if they have prescribed their issuance in law and furnish the funds necessary for that purpose.

5) The Federal Directorate for Commerce in and Reserves of Special-Purpose Products

Article 184

The Federal Directorate for Commerce in and Reserves of Special-Purpose Products shall establish credit relations with foreign countries as referred to in Article 143 of this law and shall conduct credit transactions with foreign countries within the limits of its competence on the basis of an order of the Federal Executive Council.

3. The Registration and Recording of Credit Transactions With Foreign Countries

Article 185

Credit transactions with foreign countries must be registered. All changes in contractual conditions and the dissolution of contracts concerning credit transactions with foreign countries are also subject to registration.

The National Bank of Yugoslavia shall prescribe which transactions referred to in Article 143, Subparagraph 7, of this law are subject to mandatory registration.

Credit transactions referred to in Paragraphs 1 and 2 of this article shall be registered with the national banks of the republics and the national banks of the autonomous provinces only with prior consent of the National Bank of Yugoslavia furnished in writing.

The credit transactions referred to in Articles 179 and 184 of this law shall be registered with the National Bank of Yugoslavia.

The National Bank of Yugoslavia shall prescribe the manner and deadlines for registration of credit transactions with foreign countries.

The National Bank of Yugoslavia may prescribe compulsory registration of the intention to conclude credit transactions with foreign countries, aside from the credit transactions referred to in Articles 179 and 184 of this law.

The National Bank of Yugoslavia shall prescribe the conditions and documentation necessary for the registration of credit transactions with foreign countries.

Article 186

The national banks of the republics and the national banks of the autonomous provinces shall keep records on credit transactions concluded with foreign countries, and the National Bank of Yugoslavia shall keep records on credit transactions concluded under Articles 179 and 184 of this law.

Organizations of associated labor, authorized banks and other public legal persons must keep records on the conclusion, use, repayment and extension of credit abroad and collections made on the basis of credit transactions with foreign countries.

Organizations of associated labor, authorized banks and other public legal persons must submit reports to the national banks of the republics and the national banks of the autonomous provinces concerning the information referred to in Paragraph 2 of this article, by the dates and in the manner specified by the National Bank of Yugoslavia.

The national banks of the republics and the national banks of the autonomous provinces shall furnish the National Bank of Yugoslavia data from records on credit transactions concluded with foreign countries and the information and reports referred to in Paragraph 3 of this article by the date which it specifies. On the basis of that information the National Bank of Yugoslavia shall keep records on credit transactions with foreign countries for Yugoslavia as a whole.

The National Bank of Yugoslavia shall submit information from the records referred to in Paragraph 4 of this article to the Federal Executive Council, to the executive councils of the assemblies of the republics and the executive councils of the assemblies of the autonomous provinces.

The national banks of the republics and the national banks of the autonomous provinces shall furnish the data referred to in Paragraphs 1 and 3 of this article to the competent bodies of the republics and autonomous provinces, respectively.

#### IX. Temporary Restrictions on International Payments

##### Article 187

If there is a sizable failure to fulfill the goals of joint foreign exchange policy and the proportions in the unified projection of Yugoslavia's balance of payments and exchange balance, if disturbances occur on the unified Yugoslav market, or if there are circumstances which might threaten achievement of the goals of the established policy governing foreign economic relations, the Federal Executive Council may prescribe the following:

1) introduction of special measures and restrictions in current transactions, as follows:

- a) restriction of certain rights to pay for certain goods and services;
- b) the obligation to post dinar deposits in the value of certain goods and services being imported and for the use of foreign credits;

2) introduction of special measures and restrictions in financial transactions;

- 3) introduction of special dinar deposits;
- 4) introduction of special fees on all payments being made to foreign countries;
- 5) measures restricting the amount of foreign exchange which can be used for making payments abroad;
- 6) measures prohibiting certain payments with foreign persons and the taking or granting of financial credits in relations with foreign countries;
- 7) measures which prohibit the purchase and sale of certain currencies on the unified foreign exchange market;
- 8) measures restricting the carrying in of dinars from abroad or the carrying out of dinars to foreign countries and measures restricting the carrying of foreign exchange out of the country;
- 9) measures restricting other financial transactions with foreign countries.

The Federal Executive Council shall notify the SFRY Assembly of measures taken pursuant to Paragraph 1 of this article within a period of 30 days from the date when they are taken.

#### Article 188

When the measures enumerated in Article 187 of this law are being prescribed, consideration shall be given to the stimulation of exports and the joint development policy that had been agreed on, including the accelerated development of the economically underdeveloped republics and the Socialist Autonomous Province of Kosovo.

The regulation which introduces any of the measures enumerated in Article 187 of this law must state the period the measure will be in effect, but a measure that has been introduced must be revoked as soon as the grounds on which it was introduced cease to obtain.

#### Article 189

So as to prevent the disturbances referred to in Article 187 of this law the competent body of the republic and the autonomous province, after first obtaining the opinion of the republic or provincial community, may fix the maximum amount of foreign exchange which certain domestic persons may use to make payments abroad within a certain period of time.

The criteria that shall apply to adoption of the measure referred to in Paragraph 1 of this article shall be set forth in an agreement among the republics and autonomous provinces. The absence of an agreement shall not hinder the republic or autonomous province from adopting that measure on its own.

#### Article 190

The temporary restrictions on international payments enumerated in Article 187 of this law, insofar as they affect the importation of armament and military equipment and components, semifinished goods intended for production of armaments and military equipment, and the capital goods used for production of armaments and military equipment shall be prescribed by the Federal Executive Council, which shall give consideration to implementation of the program for equipping the armed forces of the SFRY.

#### X. The Foreign Exchange Transactions of Banks

#### Article 191

Transactions in international payments, credit transactions with foreign countries, foreign currency transactions and exchange services shall be conducted in Yugoslavia by banks which meet the conditions prescribed for performance of those transactions.

Fully authorized banks shall be entered in a separate register kept by the National Bank of Yugoslavia.

#### Article 192

Fully authorized banks may use their holdings of foreign exchange based on claims on foreign banks to make payments abroad in conformity with this law.

The National Bank of Yugoslavia, with concurrence of the Federal Executive Council, shall state which foreign currencies represented by the claims referred to in Paragraph 1 of this article fully authorized banks may not use for payments abroad.

#### Article 193

An authorized bank may convert foreign exchange in a foreign exchange account for domestic and foreign persons at their request.

If exceptional circumstances so require, the National Bank of Yugoslavia may order a temporary restriction on the conversion of foreign exchange referred to in Paragraph 1 of this article.

#### Article 194

The national banks of the republics and the national banks of the autonomous provinces shall grant banks the authority to handle transactions in international payments and credit transactions with foreign countries and to handle foreign currency transactions in Yugoslavia.

The conditions for the granting of authority referred to in Paragraph 1 of this article shall be prescribed by the Federal Executive Council on the basis of the concurrence of the competent bodies of the republics and autonomous provinces.

The authorization referred to in Paragraph 1 of this article may also be granted to the Postal Savings Bank within the limits of its business operation as set forth in federal law.

#### Article 195

Basic organizations of associated labor may in a self-management accord commission an internal bank to conduct on their account the foreign exchange and foreign currency transactions which those organizations may conduct, specifically the following:

- 1) the management of foreign exchange accounts of those organizations in authorized banks;
- 2) spot purchases and sales of foreign exchange in authorized banks;
- 3) the keeping of records on investment and distribution of foreign exchange which has been pooled.

#### Article 196

The National Bank of Yugoslavia, the national banks of the republics and the national banks of the autonomous provinces shall organize the keeping of records on international payments and other data in the field of foreign exchange transactions.

The National Bank of Yugoslavia, the national banks of the republics and the national banks of the autonomous provinces shall keep records on the data referred to in Paragraph 1 of this article, in the manner ordered by the National Bank of Yugoslavia.

Authorized banks, organizations of associated labor and other legal persons must supply reports on the data referred to in Paragraph 2 of this article to the national bank of the republic or national bank of the autonomous province in the manner and by the date ordered by the National Bank of Yugoslavia.

### XI. Foreign Exchange Reserves

#### Article 197

Yugoslavia's foreign exchange reserves consist of the following:

- 1) holdings in accounts abroad of the National Bank of Yugoslavia, authorized banks and other domestic persons;
- 2) securities denominated in foreign monetary units held by the National Bank of Yugoslavia, authorized banks and organizations of associated labor;
- 3) monetary gold;
- 4) effective foreign currency.

Yugoslavia's foreign exchange reserves consist of permanent foreign exchange reserves and current foreign exchange reserves.

Permanent foreign exchange reserves represent that portion of Yugoslavia's total foreign exchange reserves which ensures minimum liquidity to discharge obligations and facilitate the necessary imports.

Current foreign exchange reserves represent that portion of Yugoslavia's total foreign exchange reserves which ensures the liquidity of international payments in conformity with the proportions envisaged in Yugoslavia's balance of payments and exchange balance.

Balances in clearing accounts shall be indicated separately.

#### Article 198

Yugoslavia's foreign exchange reserves shall be used to maintain the country's overall liquidity in international payments and for interventions on the unified foreign exchange market in conformity with the established policy governing the rate of exchange of the dinar.

#### Article 199

The policy governing foreign exchange reserves, which constitutes an integral part of joint foreign exchange policy, includes fixing the volume of Yugoslavia's total foreign exchange reserves and the manner of their creation and use, and also guidelines governing interventions on the unified foreign exchange market using foreign exchange reserves.

#### Article 200

Pursuant to Articles 198 and 199 of this law and consistent with the agreement on the basic components of the Yugoslav social plan and the joint foreign exchange policy, the Federal Executive Council shall fix the minimum amount of necessary permanent foreign exchange reserves for every year and shall establish guidelines governing their creation and use.

The volume of foreign exchange transactions envisaged in the projection of Yugoslavia's balance of payments shall be used as a basis for establishing permanent foreign exchange reserves.

On the basis of concurrence of the competent bodies of the republics and autonomous provinces and on the recommendation of the National Bank of Yugoslavia, the Federal Executive Council shall fix the minimum amount of current foreign exchange reserves for the year or quarterly within any particular year in conformity with the projection of Yugoslavia's balance of payments.

#### Article 201

The National Bank of Yugoslavia and fully authorized banks shall handle foreign exchange reserves in Yugoslavia in conformity with the established policy governing foreign exchange reserves.



Permanent foreign exchange reserves shall be handled by the National Bank of Yugoslavia. On recommendation of the National Bank of Yugoslavia the Federal Executive Council shall decide on the placement and use of permanent foreign exchange reserves.

Foreign exchange reserves which consist of balances of authorized banks in their accounts abroad shall be handled by those banks.

Should the circumstances accrue that are referred to in Article 187 of this law, the Federal Executive Council may adopt temporary restrictions on the use of current foreign exchange reserves.

The National Bank of Yugoslavia shall submit to the Federal Executive Council and the SFRY Assembly reports on implementation of the policy of foreign exchange reserves as necessary, but at least semiannually.

#### Article 202

The National Bank of Yugoslavia shall purchase foreign exchange for Yugoslavia's foreign exchange reserves at the interbank meeting and abroad.

The National Bank of Yugoslavia may contract indebtedness abroad in order to maintain Yugoslavia's liquidity in international payments, which shall be understood to include maintaining the established volume of Yugoslavia's foreign exchange reserves, in conformity with the provisions of Article 172 of this law.

### XII. Foreign Exchange Control

#### Article 203

Foreign exchange control includes enforcement of regulations and measures, social compacts and self-management accords in the field of foreign exchange transactions and credit relations with foreign countries (hereinafter referred to as "foreign exchange control").

International payments, the earning, acquisition, disposition and pooling of foreign exchange, transactions involving foreign currencies, credit transactions with foreign countries, the carrying of dinars, foreign exchange, securities and gold into and out of the country, and other foreign exchange transactions in Yugoslavia and abroad are subject to foreign exchange control.

Foreign exchange control is effected by the Federal Secretariat for Finance, the Federal Foreign Exchange Inspectorate, the National Bank of Yugoslavia, the national banks of the republics, the national banks of the autonomous provinces and customs authorities.

In addition to the agencies referred to in Paragraph 3 of this article, foreign exchange control to enforce the regulations and measures adopted by the competent bodies of the republics and autonomous provinces and foreign

exchange control to enforce self-management accords or social compacts in the field of foreign exchange transactions in which the republics and autonomous provinces have been participants--shall be exercised by the competent bodies of the republics and autonomous provinces.

Foreign exchange control to protect the rights of the workers and organizations of associated labor shall be exercised within the organization of associated labor not only by the agencies referred to in Paragraphs 3 and 4 of this article, but also by the bodies or agencies designated in the general self-management acts of the organizations of associated labor.

#### Article 204

The Federal Foreign Exchange Inspectorate shall oversee enforcement of the regulations and measures of federal bodies and agencies and self-management accords in the field of foreign exchange transactions and social compacts in the field of foreign exchange transactions to which federal bodies and agencies are a party.

The Federal Foreign Exchange Inspectorate shall exercise foreign exchange control over basic and other organizations of associated labor, authorized banks, self-managing communities of interest and other self-managing organizations and communities, sociopolitical communities and their bodies, agencies and organizations, sociopolitical organizations and other civic organizations, cooperatives, business communities of organizations of associated labor abroad, funds, and other legal persons and natural persons.

#### Article 205

The National Bank of Yugoslavia shall exercise foreign exchange control over enforcement of regulations and measures of federal bodies, agencies and organizations by the national banks of the republics and the national banks of the autonomous provinces and by authorized banks in that it shall examine reports on the exercise of control which those banks submit to it and in that it shall directly examine the conduct of their business which pertains to that control.

The conduct of business by the national banks of the republics and the national banks of the autonomous provinces for purposes of monitoring foreign exchange control exercised by those banks shall be examined in the manner defined by the National Bank of Yugoslavia.

#### Article 206

The national banks of the republics and the national banks of the autonomous provinces shall exercise foreign exchange control over authorized banks.

In the exercise of foreign exchange control of authorized banks the national banks of the republics and the national banks of the autonomous provinces may examine relevant documentary material held by organizations of associated labor and other participants in foreign exchange transactions and in credit relations with foreign countries.

The National Bank of Yugoslavia shall prescribe the manner in which the foreign exchange control of authorized banks shall be exercised.

If in exercising foreign exchange control the national bank of a republic or the national bank of an autonomous province establishes an irregularity in the operation of an authorized bank, it shall issue it an order to correct the irregularity and to take over relevant measures as established by law within a specified period of time.

The authorized bank may file an appeal with the National Bank of Yugoslavia against an order issued under Paragraph 4 of this article.

#### Article 207

The national banks of the republics and the national banks of the autonomous provinces shall exercise foreign exchange control over organizations of associated labor and other domestic persons by examining the papers and documents submitted to them.

The foreign exchange control referred to in Paragraph 1 of this article, insofar as it pertains to transactions to meet the needs of the Yugoslav People's Army and other needs of national defense which are the responsibility of the Federal Secretariat for National Defense or the Federal Directorate for Commerce in and Reserves of Special-Purpose Products, shall be exercised by the National Bank of Yugoslavia.

The examination of documents referred to in Paragraph 1 of this article shall include a specific check on the following:

- 1) the earning and use of the right to pay for and collect for goods and services in the conduct of business with foreign countries;
- 2) the importation of goods and services that have been paid for and collection of goods and services that have been exported;
- 3) special accounting procedures used in business transactions with foreign countries.

In exercising the foreign exchange control referred to in Paragraphs 1 through 3 of this article the National Bank of Yugoslavia, the national banks of the republics and the national banks of the autonomous provinces may examine the relevant documents in the possession of organizations of associated labor and other domestic persons.

The federal secretary for finance, in agreement with the federal secretary for foreign trade, but on the recommendation of the National Bank of Yugoslavia, shall prescribe which documents referred to in Paragraph 1 of this article must be submitted to the national bank of the republic and the national bank of the autonomous province and the period of time within which this must be done.

## Article 208

Domestic persons who are subject to foreign exchange control must allow agencies and offices authorized to exercise foreign exchange control to examine the conduct of their business and, at their request, must make available to them or submit to them the necessary documents and furnish them the data they request.

Domestic persons must keep records on every foreign exchange transaction and credit transaction concluded with foreign countries, concerning the completion of those transactions, and concerning payments and collections related to those transactions.

The obligations of domestic persons referred to in Paragraphs 1 and 2 of this article also pertain to the conduct of business by business units and organizations which domestic persons have established abroad or in whose establishment they have participated.

The federal secretary for finance shall prescribe the manner in which the records referred to in Paragraph 2 of this article shall be kept.

## Article 209

Amounts of dinars over and above the amount and denominations allowed to be carried from Yugoslavia or to be carried into Yugoslavia and which a domestic or foreign traveler has not declared to customs authorities at the border shall be temporarily confiscated in exchange for a receipt.

The decision to confiscate or to return all or part of dinars temporarily confiscated under Paragraph 1 of this article shall be made in proceedings for foreign exchange violations (misdemeanors). This decision shall also be made if misdemeanor proceedings cannot be conducted because conditions do not obtain for liability for a misdemeanor or because of the death of the offender or because the offender's identity is unknown or because the offender is not accessible to the authorities competent to conduct proceedings.

Declared amounts of dinars which exceed the amount and denominations allowed to be carried from Yugoslavia or carried into Yugoslavia shall be deposited in a special account of the Federation which is kept in the Social Accounting Service of Yugoslavia until proceedings are completed.

Declared amounts of dinars which exceed the amount and denominations which may be carried from Yugoslavia shall be returned to the traveler if they do not constitute a foreign exchange violation.

Declared amounts of dinars which exceed the amount and denominations which may be carried into Yugoslavia shall be returned to the traveler upon his departure from Yugoslavia if they do not constitute a foreign exchange violation and if within 1 year from the date of the confiscation the traveler submits a petition for recovery of those dinars.

#### Article 210

Foreign exchange which a domestic traveler attempts to carry out of Yugoslavia contrary to Article 100 of this law without a declaration to customs authorities at the border shall be temporarily confiscated, and a receipt shall be given.

The decision on confiscation or partial or complete return of temporarily confiscated foreign exchange under Paragraph 1 of this article shall be made in proceedings for foreign exchange violations. This decision shall also be made if proceedings for the violation may not be conducted because conditions do not obtain for liability for a misdemeanor or because the offender has died or because the offender's identity is unknown or because the offender is not accessible to the authorities competent to conduct proceedings.

Declared foreign exchange exceeding the amount and denominations which may be carried from Yugoslavia shall be sent to the National Bank of Yugoslavia.

The foreign exchange declared under Paragraph 3 of this article shall be returned to the traveler unless it constitutes a foreign exchange violation.

#### Article 211

Domestic and foreign persons may file an appeal with the Federal Secretariat for Finance against a decision made in the proceedings referred to in Articles 209 and 210 of this law.

#### Article 212

Customs authorities shall check the dinars, foreign exchange, securities and gold which domestic and foreign travelers are carrying out of the country and shall check the dinars which those travelers are carrying into the country if a regulation has restricted the carrying of dinars into the country.

The examination referred to in Paragraph 1 of this article shall be conducted by customs authorities according to regulations governing procedure of customs examination in international passenger traffic.

#### Article 213

Agencies and offices authorized to conduct foreign exchange control must make available to one another the data which they have and which are necessary to exercise foreign exchange control, must report their findings to bodies for workers' self-management control, and, when necessary, must extend technical aid to participants in foreign exchange and foreign trade transactions and credit transactions with foreign countries for purposes of proper enforcement of regulations.

#### Article 214

The Federal Foreign Exchange Inspectorate shall inform the competent body of the republic or autonomous province about the situation it has found in exercising foreign exchange control within that republic or autonomous province.

#### Article 215

If in exercise in foreign exchange control the Federal Foreign Exchange Inspectorate finds an illegality or irregularity in the conduct of foreign exchange or foreign trade transactions or credit transactions with foreign countries, or if it finds that measures ordered by a competent authority have not been carried out, it shall issue an order that the illegalities or irregularities detected be corrected or that the effective measures that have been ordered be carried out, fixing the date by which this must be done, and it shall also take other measures envisaged by law.

An appeal may be filed with the Federal Secretariat for Finance against the decision referred to in Paragraph 1 of this article.

On the recommendation of the Federal Foreign Exchange Inspectorate the Federal Secretariat for Finance may postpone execution of the decision referred to in Paragraph 1 of this article at the request of the relevant party. An appeal may not be filed against a decision rejecting postponement of execution of the decision referred to in Paragraph 1 of this article.

If in its foreign exchange control of a government body or agency the Federal Foreign Exchange Inspectorate finds an illegality or irregularity in the conduct of foreign exchange or foreign trade transactions or credit transactions with foreign countries, or if it finds that measures ordered by a competent body or agency have not been carried out, it shall submit a report on this to the Federal Secretariat for Finance.

#### Article 216

If the illegal act detected constitutes a crime, economic offense or misdemeanor, the body or office competent to exercise foreign exchange control must file charges with the agency competent to institute or to conduct proceedings.

If the agency or officer for the exercise of foreign exchange control finds that an organization of associated labor is not adhering to good business practices and business ethics in its foreign exchange or foreign trade transactions or in conduct of credit transactions with foreign countries, it shall notify the competent economic chamber to that effect.

If a foreign exchange inspector--responsible individual in the National Bank of Yugoslavia, the national bank of the republic or the national bank of the autonomous province or in a social accounting service does not file charges in good time to institute proceedings because of the criminal act or economic offense committed, it shall be considered that he has committed a very serious breach of his work duties.

The individual referred to in Paragraph 2 of this article who has committed a very serious breach of work duties may not perform the function of an inspector.

#### Article 217

If regulations envisage the preventive measure or security measure of confiscating property involved in a crime or an economic offense or a misdemeanor that has been committed, in exercising foreign exchange control the Federal Foreign Exchange Inspectorate may temporarily confiscate property with which a crime or economic offense or misdemeanor has been committed or with which an intended crime, economic offense or misdemeanor was to be committed, or which came into being by the commission of a crime, economic offense or misdemeanor. The Federal Foreign Exchange Inspectorate shall issue a receipt for the property confiscated.

The Federal Foreign Exchange Inspectorate must immediately report confiscated property to the body competent to conduct proceedings.

#### Article 218

The Federal Foreign Exchange Inspectorate shall be competent to carry out the decision enacted on the basis of Article 215, Paragraph 1, of this law. The Federal Foreign Exchange Inspectorate shall carry out decisions through the authorized banks and the Social Accounting Service in which the foreign exchange accounts or clearing accounts and other accounts of offenders are kept.

All decisions under Article 215 of this law affecting the status of assets and sources of assets of users of socially owned assets, once those decisions have become final, shall be delivered to the Social Accounting Service by the Federal Foreign Exchange Inspectorate.

#### Article 219

A decision may not be made on the basis of Article 206, Paragraph 4, and Article 215, Paragraph 1, of this law if 3 years have passed from the date when the illegality or irregularity occurred or from the date when it was ascertained that the measures ordered by the competent foreign exchange agency or officer have not been carried out. The statute of limitations shall be interrupted by every action taken by the competent agency or officer to conduct proceedings. After each interruption the statute of limitations begins to run again, but in no case may the decision be made when 6 years have passed from the date when the irregularity occurred or when it was ascertained that the measures ordered had not been carried out.

Decisions made on the basis of Article 206, Paragraph 4, and Article 215, Paragraph 1, of this law may not be carried out if 3 years have passed from the date when the decision became final. The statute of limitations shall be interrupted by every action taken by the competent agency or officer to carry out the decision. After each interruption the statute of limitations shall

begin to run again, but it shall in any case expire after 6 years have passed from the date when the decision became final.

#### Article 220

Control over the foreign exchange transactions of organizations established abroad by basic and other organizations of associated labor or in whose establishment they participated shall be exercised, insofar as the enforcement of Yugoslav statutes and regulations are concerned, by the Federal Foreign Exchange Inspectorate, the National Bank of Yugoslavia, and the Social Accounting Service, in the manner and under the conditions defined by the Federal Executive Council.

### XIII. Punitive Provisions

#### 1. Crimes

#### Article 221

The responsible individual in the organization of associated labor, other organization or community who in connection with an export or import of goods or services or the conclusion of credit transactions with foreign countries submits documents whose contents are untrue or in any other manner deceives the competent agency or organization or community in order to obtain unlawful property gain or who in the conduct of business does not adhere to the established rate of exchange of the dinar or does not abide by regulations enacted to implement foreign exchange policy, and thereby causes or could have caused a danger to the established rate of exchange of the dinar or to achievement of joint foreign exchange policy or to preservation of the unity of the Yugoslav market--shall be punished by imprisonment to last no less than 6 months and no more than 5 years.

An official in a body or agency of a sociopolitical community, other government body or agency or bank who abuses his official position or authority to facilitate commission of the crime referred to in Paragraph 1 of this article shall also be liable for the penalty referred to in Paragraph 1 of this article.

In a particularly aggravated case of the crime referred to in Paragraphs 1 and 2 of this article the offender shall be punished by imprisonment to last at least 1 year and no more than 10 years.

#### 2. Economic Offenses

#### Article 222

An organization of associated labor, authorized bank or other legal person shall be fined no less than 10,000 dinars and no more than 1 million dinars for an economic offense in the following case:



- 1) if it does not keep in a foreign exchange account exclusively in one authorized bank the foreign exchange which it has realized and which it may dispose of in conformity with this law (Article 8);
- 2) if it contracts indebtedness abroad before an authorized bank has ascertained its ability to repay the credit in foreign exchange or in dinars or if the discharge of its obligation under the credit has not been covered by the credit-guaranty potential of an authorized bank (Article 27, Paragraph 3);
- 3) if it pools foreign exchange or uses foreign exchange to create a monopolistic position on the unified Yugoslav market, or if in obtaining or using foreign exchange it disrupts stability on that market, or if it inflicts damage on other participants on the market or the social community (Article 14);
- 4) if for an organization of associated labor or other civil juridical person for which it makes payments it does not compile, in conformity with the agreement attained, a monthly or quarterly or annual plan of the inflow or outflow of foreign exchange (Article 51, Paragraph 1);
- 5) if it does not take action to ensure the organization of associated labor or other civil juridical person for which it makes payments the purchase of foreign exchange on the unified foreign exchange market to which it is entitled under the uniform criteria referred to in Article 70 of this law (Article 51, Paragraph 2);
- 6) if it does not sell or does not buy foreign exchange on the unified foreign exchange market through authorized banks (Article 54);
- 7) if it purchases from domestic persons or foreign persons or sells to such persons foreign exchange contrary to the prescribed buying or selling rate of exchange (Article 61);
- 8) if it purchases or sells foreign exchange or makes a spot purchase or sale of foreign exchange to another such organization at a rate other than the rate set at the interbank meeting of the unified foreign exchange market (Articles 59 and 61);
- 9) if an organization of associated labor does not discharge its obligations assumed by a foreign credit or under international treaties on a priority basis (Article 70, Paragraph 10);
- 10) if it uses foreign exchange realized or acquired on the basis of its established contribution within the limits of the agreed needs in reproduction, including the needs referred to in Article 69 of this law, or transfers it for other than the prescribed purposes or contracts for its sale for the equivalent value in dinars or extends credit on the basis of pooled foreign exchange (Article 68);
- 11) if an authorized bank executes the orders of an organization of associated labor to make payments abroad when that organization has not set aside in advance or sold the portion of foreign exchange in the context of Article 70, Paragraph 4, and Article 71 of this law (Article 76, Paragraph 1);

- 12) if it does not maintain its own liquidity in international payments within the limits prescribed by the National Bank of Yugoslavia or does not sell at the interbank meeting of the unified foreign exchange market foreign exchange which it possesses over and above those limits (Article 76, Paragraph 2);
- 13) if it does not purchase all the foreign exchange which an organization of associated labor has offered for sale (Article 79, Paragraph 3);
- 14) if it does not secure for the organization of associated labor which has sold it foreign exchange in conformity with this law the repurchase of foreign exchange on a priority basis and according to the schedule contained in the contract concluded up to the limit of socially recognized needs in reproduction, or if it does not take steps to discharge that obligation by taking a temporary loan of foreign exchange from the National Bank of Yugoslavia, if for whatever reason the authorized bank cannot promptly discharge its obligations under the contract referred to in Article 74, Paragraph 2, of this law (Article 79, Paragraphs 4 and 5);
- 15) if it purchases, sells or conveys foreign exchange, if it makes payment or collection in foreign exchange or gold, or if it concludes a transaction on the basis of which the dinar value of a contractual obligation is computed on the basis of the price of gold or the rate of exchange of the dinar against a foreign currency, unless this or other federal law provides otherwise (Articles 76 and 77);
- 16) if it does not transfer foreign means of payment which it realized in the country by selling tourists gasoline coupons or by selling commercial coupons for gasoline or petroleum derivatives or on the basis of the sale of petroleum derivatives to foreign carriers to the National Bank of Yugoslavia earmarked for payment of imports of petroleum or petroleum derivatives (Article 83, Paragraph 3);
- 17) if it exports or carries newly mined gold or gold coin from the country without a permit from the National Bank of Yugoslavia (Article 105, Paragraph 1, Subparagraphs 2 and 3, and Paragraph 2);
- 18) if it melts down or makes gold bars and is not a user of gold or if it melts down gold coin (Article 107);
- 19) if it holds foreign exchange which has been earned abroad or uses it abroad without permission or contrary to the conditions prescribed by the Federal Executive Council or the National Bank of Yugoslavia (Article 84, Paragraph 2; Article 121, Paragraph 1; and Article 134, Paragraph 1);
- 20) if it does not conduct international payments in dinars or convertible currencies or in the manner envisaged in payments agreements or other international treaties concerning payments which have been concluded or if it conducts that traffic contrary to the conditions defined by the Federal Executive Council of the National Bank of Yugoslavia (Articles 113 and 114, Paragraphs 1, 3, 4 and 5);

- 21) if it contracts to collect for goods or services exported to particular countries by importing goods or rights from those countries contrary to the conditions and procedure set forth by the Federal Executive Council (Article 114, Paragraph 2);
- 22) if it does not conduct international payments through a fully authorized bank (Article 115, Paragraph 1);
- 23) if it does not conduct payments traffic related to exports or imports of goods and services in local border traffic or neighboring overseas traffic or related to an international fair compensation contract in the prescribed manner (Article 123);
- 24) if it uses foreign exchange, pays for goods or services, or makes other payments abroad for its immediate needs contrary to the uniform criteria or other acts (Articles 79 and 127);
- 25) if it pays for certain services rendered by foreign persons contrary to the conditions defined by the Federal Executive Council (Article 130);
- 26) if it pays for patents, licenses or other industrial property abroad contrary to the conditions defined by the Federal Executive Council (Article 131);
- 27) if it makes collections from domestic persons in foreign exchange for services it renders in international freight, cargo or passenger transportation on foreign routes (Article 132, Paragraph 1);
- 28) if as a user of transportation services in exporting it does not transfer within the payment period stipulated by the contract foreign exchange to cover the value of transportation services to the organization of associated labor which performed the service or if in importing goods it does not within the stipulated period transfer foreign exchange in the amount of actual transportation costs between foreign points to the credit of the organization of associated labor which was the carrier (Article 127, Paragraphs 2 and 3);
- 29) if it uses foreign exchange earned by exporting products or components of products which are involved in long-term production cooperation or imports involved in that cooperation contrary to federal law (Article 133);
- 30) if with respect to the disposition of foreign exchange during work on a capital investment project, with respect to the computation of operating expenses, or with respect to determination of earnings from work on those capital investment projects it does not abide by the conditions defined by the Federal Executive Council (Article 134, Paragraph 4);
- 31) if it does not abide by the conditions defined by the Federal Executive Council in making payments or collections in its transactions as an intermediary in foreign commerce (Article 135);

32) if in rendering services in international freight, cargo or passenger transportation it incurs costs which have not been allowed by the Federal Executive Council (Article 137);

33) if it collects insurance or reinsurance premiums or pays losses to domestic persons in foreign exchange or contrary to the conditions defined by the Federal Executive Council (Article 138, Paragraphs 3, 5 and 6);

34) if it transfers funds or transfers a part of the value of invested funds contrary to the provision of Article 139 of this law;

35) if it incurs or pays for certain expenses in business transactions with foreign countries contrary to the conditions defined by the Federal Executive Council (Article 142, Paragraph 3);

36) if it contracts indebtedness abroad or extends credit abroad in evasion of the uniform criteria on borrowing set forth by the Yugoslav Community in cooperation with the republic and provincial communities and with the consent of the Federal Executive Council, or in evasion of the criteria issued by the Federal Executive Council (Article 146, Paragraphs 1 and 2; Article 152; and Article 160, Paragraphs 1, 2 and 3);

37) if it concludes a credit transaction with a foreign country or issues a guaranty for credit transactions with foreign countries above the level fixed for the current year by the Federal Executive Council or if it incurs short-term indebtedness used solely to bridge seasonal discrepancies in current inflow of foreign exchange and the outflow of the banks and their customers above the volume fixed by the Federal Executive Council (Article 146, Paragraph 4; and Article 160, Paragraph 4);

38) if it extends commodity credit, commercial credit or financial credit to users abroad contrary to the purposes established or the conditions defined by the Federal Executive Council (Articles 147, 154 and 162);

39) if it deposits funds in accounts abroad for an indefinite period with a period of notice required for withdrawal or for a specified period of time contrary to the conditions defined by the Federal Executive Council (Article 148);

40) if it takes or extends credit abroad, issues guaranties and other forms of suretyship contrary to the conditions established in an agreement or contrary to the framework of conditions or specific conditions governing concerted action on the foreign financial market (Article 149);

41) if it conducts credit transactions with foreign countries which it has not been authorized to conduct or if it does not furnish the necessary foreign exchange to discharge its obligations under such transactions or if it takes credit abroad or issues a guaranty or other forms of surety abroad or performs other acts preliminary to conclusion of a contract concerning credit which would create any obligations whatsoever for the Socialist Federal Republic of Yugoslavia in the domain of foreign credit relations, aside from the obligations assumed in conformity with this law (Article 150);

- 42) if it makes current international payments or establishes new foreign credit relations before discharging foreign obligations which have come due (Article 151, Paragraph 1);
- 43) if it executes an order for current payments abroad or issues a guaranty to establish new credit relations abroad for a social juridical person who has not discharged fixed or guarantied obligations which have come due (Article 151, Paragraph 2);
- 44) if it conducts credit transactions with foreign countries contrary to the prescribed conditions (Articles 153 and 161);
- 45) if it discharges its foreign exchange obligations abroad on the basis of commercial credit, commodity credit or financial credit with foreign exchange it has raised abroad or foreign exchange it has raised from individual citizens by issuing bonds or if it uses those funds for the purposes mentioned contrary to the conditions defined by the Federal Executive Council (Article 156);
- 46) if it uses funds obtained on the basis of financial credit or on the basis of deposits from abroad for other than the purposes envisaged in Articles 157, 165 and 166 of this law;
- 47) if it issues a guaranty, superguaranty or other form of suretyship or discharges an obligation under them contrary to a self-management accord or contract which has been concluded concerning the pooling of foreign exchange or contrary to the conditions defined by the Federal Executive Council or the National Bank of Yugoslavia (Articles 158, 168, 169 and 171);
- 48) if it uses funds obtained on the basis of a special long-term or intermediate-term commercial credit abroad which has been concluded over and above the continuing credit arrangement or line of credit contrary to the prescribed conditions or purposes (Article 164);
- 49) if it concludes a new credit transaction abroad or issues a guaranty, superguaranty or other form of suretyship when it has outstanding obligations to foreign countries that have come due (Article 170);
- 50) if it uses the foreign exchange which it holds on the basis of claims against foreign banks to make payments abroad contrary to the conditions specified by the National Bank of Yugoslavia (Article 192);
- 51) if it converts foreign exchange in a foreign exchange account contrary to a restriction ordered by the National Bank of Yugoslavia (Article 193, Paragraph 2).

For any of the actions referred to in Paragraph 1 of this article the person responsible in the organization of associated labor, authorized bank or other legal person shall also be fined no less than 2,000 and no more than 30,000 dinars for an economic offense.

For any of the actions enumerated in Paragraph 1 of this article the person responsible in the body or agency of a sociopolitical community, other government body or agency or local community shall also be fined no less than 2,000 and no more than 30,000 dinars for an economic offense.

#### Article 223

An organization of associated labor, authorized bank or other legal person may be fined up to 20 times the value of foreign exchange, dinars or other property which constitute an economic offense for the economic offenses enumerated in Article 222, Paragraph 1, Subparagraphs 3, 12, 13, 16, 19, 24, 36, 44, 46, 47 and 49, of this law, if serious consequences have ensued.

#### Article 224

Property and property gain which an organization of associated labor, authorized bank or other legal person has obtained by committing an economic offense under Article 222 of this law shall be confiscated.

### 3. Misdemeanors

#### Article 225

An organization of associated labor, authorized bank or other legal person shall be fined no less than 5,000 and no more than 100,000 dinars for a misdemeanor in the following cases:

1) if it makes a forward purchase or sale of foreign exchange in a transaction with a domestic civil legal or natural person or foreign person (Article 63, Paragraph 2);

2) if immediately, no later than 2 days after its arrival, it does not sell the foreign exchange which exceeds the amount it is entitled to hold under the provision of Article 70, Paragraph 2, of this law to the authorized bank for inclusion in the flows of the unified foreign exchange market (Article 70, Paragraph 4);

3) if no later than 5 days from the date of purchase of foreign exchange from an organization of associated labor the authorized bank does not sell that foreign exchange on the unified foreign exchange market (Article 70, Paragraph 5);

4) if the authorized bank extends new credits for preparation of production for export, for production for export, or for export to an organization of associated labor or other civil juridical person who keeps a portion of foreign exchange for socially recognized needs in reproduction in a foreign exchange account longer than 15 days from the date when the foreign exchange was posted to the foreign exchange account (Article 86, Paragraph 2);

5) if it does not keep records on amounts of gold produced or sold or on amounts of gold purchased or processed or if it does not keep such records in the prescribed manner (Article 110);

- 6) if it does not collect foreign exchange it has earned by exporting goods and services or accounts receivable abroad on some other basis or if it does not repatriate such foreign exchange within the prescribed period (Articles 118 and 134);
- 7) if it does not import from abroad goods which have been paid for or if it does not obtain a service from a foreign person which has been paid for within the prescribed period of time (Article 119);
- 8) if it does not submit a report and data on the transactions and balance of funds in accounts abroad and other data related to international transactions to the national bank of the republic or the national bank of the autonomous province within the prescribed period and in the manner specified by the National Bank of Yugoslavia (Article 121, Paragraph 3);
- 9) if it does not justify differences in value which have occurred in international transactions in the prescribed manner (Article 122, Paragraph 2);
- 10) if it uses dinar balances earned by foreign persons in Yugoslavia contrary to the conditions specified by the Federal Executive Council (Article 126, Paragraph 1);
- 11) if it does not register a credit transaction with a foreign country or the intention to conclude a credit transaction with a foreign country in the manner and within the period prescribed by the National Bank of Yugoslavia (Article 185);
- 12) if it does not keep the prescribed records or does not submit reports concerning such information by the dates and in the manner specified by the National Bank of Yugoslavia (Article 186 and Article 196, Paragraph 3);
- 13) if it conducts transactions involved in international payments, credit transactions with foreign countries, foreign currency transactions or exchange transactions in Yugoslavia contrary to the conditions prescribed by the Federal Executive Council (Article 191 and Article 194, Paragraph 2);
- 14) if within the prescribed period it does not correct irregularities in foreign exchange transactions cited in a decision of the National Bank of Yugoslavia or of the national bank of the republic or the national bank of the autonomous province (Article 206, Paragraph 4);
- 15) if it does not furnish to the national bank of the republic or the national bank of the autonomous province the prescribed documents for purposes of foreign exchange control or if it does not furnish them within the prescribed period of time (Article 207, Paragraph 5);
- 16) if it does not allow an authorized individual to audit foreign exchange transactions or does not make the necessary documents available or does not furnish data necessary for the exercise of foreign exchange control (Article 208, Paragraphs 1 and 3);

17) if it does not keep the records referred to in Article 208, Paragraph 2, of this law or if it does not keep them in the prescribed manner (Article 208, Paragraph 4);

18) within the prescribed period it does not correct illegalities or irregularities in foreign exchange or foreign trade transactions which have been cited in a decision of the Federal Foreign Exchange Inspectorate (Article 215, Paragraph 1);

19) if an authorized bank fails to carry out a decision of the Federal Foreign Exchange Inspectorate which has become final or frustrates the execution of that decision (Article 218, Paragraph 1);

20) if it entrusts the conduct of foreign exchange or credit transactions with foreign countries to a person who has been convicted of the crimes enumerated in Articles 221 and 230 of this law or to a person convicted of an economic offense and punished by a fine exceeding 5,000 dinars as enumerated in Article 222 of this law, before the ban on handling such transactions has expired.

For any of the actions referred to in Paragraph 1 of this article the person responsible in the organization of associated labor, authorized bank or other legal person shall be fined no less than 2,000 and no more than 20,000 dinars for a misdemeanor.

For any of the actions enumerated in Paragraph 1 of this article the person responsible in the body or agency of a sociopolitical community, other government body or agency or local community shall be fined no less than 2,000 and no more than 20,000 dinars for a misdemeanor.

#### Article 226

The person responsible in the National Bank of Yugoslavia who has not suspended the use of credit from note issue by authorized banks in accordance with Article 86, Paragraph 3, shall be subject to a fine of not less than 2,000 and not more than 20,000 dinars for a misdemeanor.

#### Article 227

An individual operating on his own who commits any of the actions enumerated in Articles 222 and 225 of this law shall be fined no less than 5,000 and no more than 100,000 dinars for a misdemeanor.

#### Article 228

An individual or civil legal person shall be fined no less than 500 and no more than 20,000 dinars for a misdemeanor in the following cases:

1) if he makes a forward sale or purchase of foreign exchange (Article 63, Paragraph 2);



- 2) if he unlawfully buys, sells or conveys foreign exchange, makes payments or collections in foreign exchange or gold, or concludes a transaction in which the dinar value of the contractual obligation is computed on the basis of the price of gold or the rate of exchange of the dinar relative to a foreign currency (Article 81 and Article 82, Paragraph 1);
- 3) if he uses foreign exchange in a foreign exchange account contrary to the conditions defined by the Federal Executive Council (Article 93, Paragraph 2);
- 4) if contrary to the prescribed conditions he attempts to carry or does carry dinars out of Yugoslavia or attempts to carry or does carry dinars into Yugoslavia in international passenger transportation or if he uses the mails or other shipments to attempt to take or to take from Yugoslavia dinars or negotiable instruments denominated in dinars, effective foreign currency or negotiable instruments denominated in a foreign currency or uses the mails or other shipments to attempt to bring or to bring into Yugoslavia dinars or negotiable instruments denominated in dinars (Article 99);
- 5) if he attempts to take or does take foreign exchange from Yugoslavia in international passenger transportation contrary to regulations (Article 100, Paragraph 2);
- 6) if he attempts without permission to take or does take or sends from Yugoslavia a domestic savings passbook denominated in dinars but not made out to a specific individual (Article 101, Paragraph 2);
- 7) if he handles foreign securities, coupons of foreign securities or foreign savings account passbooks contrary to the prescribed conditions (Article 102, Paragraph 2; and Article 103, Paragraph 2);
- 8) if he handles checks drawn in Yugoslavia contrary to the provisions of Article 104 of this law;
- 9) if he attempts to take or does take newly mined gold or gold coin out of Yugoslavia without permission of the National Bank of Yugoslavia (Article 105, Paragraph 2);
- 10) if he melts gold or makes gold bars or melts down gold coin contrary to the provisions of Article 107 of this law;
- 11) if he does not keep the prescribed records on amounts of gold produced, purchased or made into bars (Article 110);
- 12) if he does not conduct payments traffic with foreign countries through a fully authorized bank (Article 115, Paragraph 1);
- 13) if he does not collect accounts receivable abroad on whatever basis or does not repatriate the proceeds within the prescribed period of time (Article 118, Paragraph 3);

14) if he uses dinar holdings contrary to the conditions specified by the Federal Executive Council (Article 126).

#### Article 229

In addition to the fine, for the misdemeanors enumerated in Articles 225 through 228 of this law the security measure of confiscating the property used or intended to be used to commit the misdemeanor or which came about by commission of the misdemeanor shall also be pronounced.

The property referred to in Paragraph 1 of this article may be confiscated even though it is not the property of the offender.

The security measure of confiscating property gain obtained by committing a misdemeanor shall also be pronounced for the misdemeanors referred to in Paragraph 1 of this article.

As an exception to the provision of Paragraph 1 of this article, the property used or intended to be used in committing the misdemeanor or which came about through commission of the misdemeanor may be partially confiscated if the motives or other circumstances under which the misdemeanor was committed indicate that there is no justification for confiscation of the entire property.

The security measure of confiscating a vehicle or container shall be pronounced for the misdemeanors enumerated in Article 227 and Article 228, Subparagraphs 4, 5, 6, 7 and 9, of this law if secret or hidden places in it were used to conceal the property involved in the misdemeanor, regardless of whether it is the property of the offender.

#### 4. The Legal Consequences of Conviction

#### Article 230

In organizations of associated labor, other organizations or communities handling foreign exchange or credit transactions with foreign countries those transactions may not be handled by a person who has committed a crime with intent against the foundations of the social system of socialist self-management and the security of the SFRY, against the Armed Forces of the SFRY or the good name of the SFRY, against humanity or international law, against the good name of a foreign state or international organization, against rights under self-management, or against the unity of the Yugoslav market, or for the crime cited in Article 221 of this law and received an unsuspended prison sentence for that crime under a final court verdict.

The prohibition referred to in Paragraph 1 of this article shall apply to a person who has committed a crime with intent against the economy, against public property or against other social values or against official duties if he has received an unsuspended prison sentence of at least 6 months for that crime under a final court verdict.

The prohibition referred to in Paragraph 1 of this article shall apply to a person who has committed another crime with intent aside from the crimes cited in Paragraphs 1 and 2 of this article if he has been given an unsuspended prison sentence of at least 3 years for that crime under a final court verdict.

The prohibition against the persons referred to in Paragraphs 1 and 2 of this article shall last 10 years, and against the person referred to in Paragraph 3 of this article it shall last 5 years from the date when the sentence was served, when pardon was granted or when the statute of limitations expired on execution of sentence.

#### Article 231

An organization of associated labor, authorized bank or other legal person may not employ in a job which involves foreign exchange transactions or credit transactions with foreign countries or may not keep in such a position a person who has been convicted of an economic offense covered by this law if he was fined more than 5,000 dinars for that offense.

The prohibition referred to in Paragraph 1 of this article shall last 3 years from the date when the verdict became final.

#### Article 232

The Federal Foreign Exchange Inspectorate shall conduct misdemeanor proceedings for the misdemeanors envisaged by this law and shall also render judgment on the misdemeanor in the first instance.

An appeal may be filed with the Federal Secretariat for Finance against the decision of the Federal Foreign Exchange Inspectorate.

#### Article 233

If misdemeanor proceedings have been instituted on the basis of charges which a customs agency or officer has drawn up on the basis of his or its own direct observation, and the value of property involved in the misdemeanor does not exceed 3,000 dinars, a judgment may be rendered concerning the misdemeanor without summoning and interrogating the accused.

Within 8 days from the date when the judgment is delivered the accused may file an objection with the Federal Foreign Exchange Inspectorate against the judgment enacted on the basis of Paragraph 1 of this article.

If the accused files an objection within the prescribed period, the Federal Foreign Exchange Inspectorate shall annul the judgment and resume regular proceedings. The judgment concerning the misdemeanor rendered in regular proceedings may not be less favorable for the accused than the judgment annulled in response to his objection.

#### Article 234

Proceedings for misdemeanors covered by this law may not be instituted when 3 years have passed from the date when the misdemeanor was committed. The statute of limitations shall be interrupted by every action taken by the competent body to prosecute the offender. Following each interruption the statute of limitations shall begin to run again from the beginning, but in any case, regardless of interruptions, action may no longer be taken when 6 years have passed from the date when the misdemeanor was committed.

A punishment and security measure pronounced for a misdemeanor may not be executed if 3 years have passed from the date when the verdict on the misdemeanor became final. The statute of limitations on execution of the penalty or security measure shall not run during that time when execution could not be undertaken by law. The statute of limitations shall be interrupted by every action taken by the competent authority to execute the punishment or security measure. Following every interruption the statute of limitations shall again begin to run from the beginning, but regardless of interruption the right of action shall lapse in any case when 6 years have passed from the date when the verdict concerning the misdemeanor became final.

#### Article 235

The Federal Foreign Exchange Inspectorate rendering a judgment on a misdemeanor in the first instance may rule that the fine pronounced for the misdemeanor under this law may be paid in installments, provided that the period for payment of the total amount does not exceed 2 years.

#### Article 236

Fines, property gain and means of payment and other property used or intended for use in committing an economic offense or misdemeanor or coming about through the commission of an economic offense or misdemeanor shall be paid into the federal budget.

#### XIV. Transitional and Final Provisions

#### Article 237

Basic organizations of associated labor and other domestic legal persons may discharge with dinars foreign exchange obligations to authorized banks not settled before the date when this law takes effect and arising in connection with contracts on foreign exchange credits within the country concluded with authorized banks before 30 September 1972, settlement to be made at the selling rate of exchange of the relevant currency in effect on the day when the debtor settles the obligation.

Foreign exchange obligations of organizations of associated labor and other domestic legal persons to authorized banks which have come about before the day when this law takes effect by virtue of an authorized bank's having discharged an obligation abroad in the place of the principal debtor, and on the

basis of a guaranty which the authorized bank gave the foreign creditor concerning a credit contract which the principal debtor concluded with the foreign creditor before 30 September 1972 shall also be settled in the manner described in Paragraph 1 of this article.

All payments abroad related to the credits referred to by Paragraph 2 of this article shall be made beginning on 1 January 1978 with the foreign exchange and dinars referred to in Article 127 of this law.

#### Article 238

So long as disturbances persist in the operation of the unified foreign exchange market the National Bank of Yugoslavia, depending on the status of foreign exchange reserves, shall intervene with resources from foreign exchange reserves at the interbank meeting of the unified foreign exchange market for the purpose of bridging the difference in time between the supply and demand on the unified foreign exchange market, under the conditions and within the periods of time fixed by the Federal Executive Council.

The National Bank of Yugoslavia shall report on a monthly basis to the SFRY Assembly and Federal Executive Council concerning interventions made on the unified foreign exchange market.

#### Article 239

Basic and other organizations of associated labor, authorized banks and other social juridical persons shall furnish funds for repayment of fixed and guaranteed obligations created before 31 December 1982 with the foreign exchange which they realize and acquire in conformity with Articles 67, 68, 70 and 76 of this law.

Basic and other organizations of associated labor and authorized banks shall be responsible for prompt discharge of obligations come due under foreign credits referred to in Paragraph 1 of this article.

Basic and other organizations of associated labor and authorized banks of which they are members are required in conformity with their respective obligations and responsibilities, before the end of November of the current year for the coming year, and exceptionally before 31 January for 1983, to compile programs for ensuring repayment of fixed and guaranteed obligations of their members created before 31 December 1982. The programs shall state the manner and schedule for furnishing foreign exchange which the members of the bank objectively are unable to furnish either independently or by establishing mutual self-management ties, from the portion of foreign exchange which they dispose of in the context of Articles 67, 68, 70 and 76 of this law.

Authorized banks shall conclude agreements with one another regulating correction of discrepancies in the outflow and inflow of foreign exchange, the conditions and procedure for mutual loans in order to ensure discharge of obligations of their members to foreign countries which have come due.

The agreement among the authorized banks, which is to be concluded before 31 January 1983, shall regulate the sources and timing of the furnishing of funds to discharge fixed and guaranteed obligations which basic and other organizations of associated labor and individual authorized banks have been unable to furnish in the context of Paragraphs 1 through 4 of this article, as well as the criteria governing the use of that foreign exchange.

The criteria referred to in Paragraph 5 of this article shall state that foreign exchange may be furnished to a basic or other organization of associated labor to pay fixed and guaranteed obligations only provided that it has made use of every available opportunity to pay the fixed and guaranteed obligations.

The agreement of the republics and autonomous provinces which is to be concluded before 31 January for each current year, if the agreement referred to in Paragraph 5 of this article does not guarantee full discharge of fixed and guaranteed obligations, shall set forth the conditions and criteria on the basis of which the republics and autonomous provinces shall regulate the sources of foreign exchange to repay that portion of fixed and guaranteed obligations as referred to in Paragraph 1 of this article which could not be guaranteed under the criteria referred to in Paragraph 5 of this article.

If the agreement referred to in Paragraph 7 of this article is not concluded before 31 January for each current year, the Federal Executive Council shall adopt an enactment whereby it regulates sources of foreign exchange to discharge that portion of fixed and guaranteed obligations for which it was not possible to furnish foreign exchange in the manner set forth in Paragraphs 1 through 7 of this article and also the criteria governing its use, on which it shall report to the SFRY Assembly within a period of 15 days from the date when that enactment was adopted.

#### Article 240

The self-management accord among the authorized banks which is to be concluded before 31 January 1983 shall regulate the source and manner of repayment of foreign exchange to authorized banks which out of their total foreign exchange potential have paid fixed and guaranteed obligations for organizations of associated labor and other social juridical persons in the period from termination of the operation of the foreign exchange market up to 31 December 1982 and which at the moment when the fixed and guaranteed obligations were paid did not have foreign exchange accounts in those banks.

If the authorized banks do not conclude a self-management accord by 31 July 1983, the Federal Executive Council, in response to a proposal of the National Bank of Yugoslavia, shall issue a regulation within 30 days from the expiration of that period whereby it shall regulate the sources and manner of repayment of foreign exchange to authorized banks which have paid fixed and guaranteed obligations from their total foreign exchange potential for organizations of associated labor and other public juridical persons in the period between termination of the operation of the foreign exchange market and 31 December 1982, and which at the moment when they paid the fixed and guaranteed obligations did not have foreign exchange accounts in those banks.

#### Article 241

The National Bank of Yugoslavia shall monitor how the authorized banks meet their fixed and guaranteed obligations under foreign credits and shall report on this monthly to the Federal Executive Council and quarterly to the SFRY Assembly.

#### Article 242

Organizations of associated labor and other civil juridical persons are required to transfer foreign exchange from foreign exchange accounts with authorized banks to a foreign exchange account in one authorized bank within 6 months from the date when the Law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries takes effect (SLUZBENI LIST SFRJ, No 77, 1982).

The Federal Executive Council, on a recommendation of the Association of Yugoslav Banks, shall regulate relations among the authorized banks related to implementation of Paragraph 1 of this article.

#### Article 243

Basic and other organizations of associated labor and other civil juridical persons are required to bring existing self-management accords on the pooling of foreign exchange or on the pooling of labor and capital to earn foreign exchange which they have concluded on the basis of Articles 67 and 68 of the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries into conformity with the provisions of this law no later than 30 April 1983.

#### Article 244

The forms of association and linkage which constitute large business entities and entities in reproduction and other forms of association and linkage at the level of Yugoslavia, referred to in Article 73, Paragraph 2, of this law, which choose not to have their socially recognized needs in reproduction within the framework of general associations of Yugoslavia calculated in 1984, shall submit to the Yugoslav Community no later than 25 January 1984 a documented application for a determination to be made as to whether they meet the conditions stated in Article 73, Paragraph 2 or Paragraph 3, of this law.

The Yugoslav Community, in collaboration with the Economic Chamber of Yugoslavia, shall rule on the application referred to in Paragraph 1 of this article within 10 days from the date of receipt of the application, but no later than 5 February 1984, and for those forms which meet the conditions it shall calculate the portion of foreign exchange for their socially recognized needs in reproduction.

The Yugoslav Community shall calculate the portion of foreign exchange for socially recognized needs in reproduction of organizations of associated labor which do not comprise forms of association and linkage in the context of Paragraph 1 of this article by 5 February 1984.

The Yugoslav Community shall adopt a decision whereby it will fix the portion of foreign exchange to which organizations of associated labor and other civil juridical persons are entitled as an advance or which they may purchase on the unified foreign exchange market to meet their socially recognized needs in reproduction from 1 January to 1 March 1984.

For forms of association and linkage which constitute large business entities and entities in reproduction and which are formed in 1984 later than 1 March 1984, the Yugoslav Community, in collaboration with the Economic Chamber of Yugoslavia, shall ascertain at their request whether they meet the conditions stated in Article 73, Paragraph 3, of this law, and for those which do meet those conditions it shall calculate the portion of foreign exchange for their socially recognized needs in reproduction, guaranteeing in so doing the proportions in the balance of payments of Yugoslavia and the foreign exchange balance of Yugoslavia and bearing in mind the relations already established in the forms of association and linkage to which those organizations and linkage referred to in Article 73 of this law.

#### Article 245

The Federal Executive Council shall issue the regulations referred to in Article 49, Paragraph 2, and Article 52, Paragraph 1, of the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries within the period of 30 days from the date when the Law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries takes effect.

#### Article 246

Yugoslav nationals who have been employed abroad temporarily and have definitively returned to the country, if they have claims abroad which came into being before this law took effect, must collect those claims within 90 days from the date when the law on Amendments and Supplements to the Law on Foreign Exchange Transactions and Credit Relations With Foreign Countries takes effect and bring them into Yugoslavia.

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CSO: 2800/302



OPERATION OF UNIFIED FOREIGN EXCHANGE MARKET IN 1984

Belgrade SLUZHBI LIST SFRJ in Serbo-Croatian No 18, 13 Apr 84 pp 511-512

[Text] On the basis of article 52, paragraph 1 of the Law on Foreign Exchange Operation and Credit Relations with Foreign Countries (SLUZHBI LIST SFRJ, No 15/77, 61/82, 77/82, 34/83, and 70/83), at the proposal of the National Bank of Yugoslavia, the Federal Executive Council has passed a Decision on the Conditions, Organization, and Operation of the Unified Foreign Exchange Market in 1984.

1. This decision regulates the purchase and sale of foreign exchange on the unified foreign exchange market between basic and other organizations of associated labor and other social, legal entities on one side (in a continuation of the text "organizations of associated labor"), and banks authorized to do business with foreign countries on the other (in a continuation of the text "authorized banks"), directly between authorized banks, and at the interbank meeting of the foreign exchange market, and between the National Bank of Yugoslavia and authorized banks at the interbank meeting of the foreign exchange market.

The purchase and sale of foreign exchange through direct contacts between authorized banks, between authorized banks and organizations of associated labor, and the purchase of foreign exchange by the National Bank of Yugoslavia, are to be carried out in accordance with current exchange rates, and in accordance with selling exchange rates from the List of Exchange Rates of the interbank meeting.

The purchase and sale of foreign exchange at the interbank meeting of the foreign exchange market is carried out:

1. Between the National Bank of Yugoslavia and authorized banks according to the upper or lower exchange rates from the Intervention Exchange Rate List of the National Bank of Yugoslavia and the Orientation Exchange Rate List of the National Bank of Yugoslavia;
2. Between authorized banks in accordance with exchange rates within the range between the lower and upper exchange rates from the Intervention Exchange Rate List of the National Bank of Yugoslavia and the Orientation Exchange Rate List of the National Bank of Yugoslavia.

I. Purchase and Sale of Foreign Exchange on the Basis of the Obligatory Sale of Foreign Exchange Over Established Needs for Reproduction

2. Organizations of associated labor which realize foreign exchange after 1 January 1984 are obliged, in accordance with article 69a, paragraph 4 of the Law on Foreign Exchange Operation and Credit Relations with Foreign Countries (in a continuation of the text "Law"), to sell promptly to an authorized bank the amount of foreign exchange over established needs for reproduction, not later than 2 days from the day of receipt of the foreign exchange so that it can be made available in a unified foreign exchange market.

An authorized bank at which a foreign exchange account is maintained is obliged, immediately upon crediting the receipts to the foreign exchange account of a given organization of associated labor, to set aside the sum of foreign exchange described in paragraph 1 of this clause in a separate account which it is required to open for these funds.

The authorized bank allots dinars equal in value to the amount of foreign exchange set aside in accordance with paragraph 2 of this clause, to the organization of associated labor at the same time for the foreign exchange it ultimately repurchased on behalf of the organization's giro account.

3. Foreign exchange repurchased on the basis of clause 2, paragraph 1 of this decision must be sold by the authorized bank on the unified foreign exchange market for the established needs for reproduction of organizations of associated labor promptly, and not later than 5 days from the day of repurchase of the foreign exchange.

An authorized bank can purchase foreign exchange on the unified foreign exchange market only to make specific payments to foreign countries which are due within 2 successive working days from the day of purchase of the foreign exchange.

4. Authorized banks can buy and sell foreign exchange on the unified foreign exchange market only in order to meet specific directives for payment to foreign countries to pay for established needs for reproduction of organizations of associated labor, according to this order:

1. for the payment of obligations through credits to foreign countries;
2. for the payment of contract obligations in foreign countries;
3. for the payment of advances for goods credits;
4. for the payment of materials for reproduction which will be used for production to be exported;
5. for other needs of reproduction.

Authorized banks can buy and sell foreign exchange through direct contacts and at the interbank meeting of the foreign exchanges market in order to meet obligations to authorized banks within the country which were undertaken in accordance with regulations of the decision on the regulation of the origins and ways of returning foreign exchange to authorized banks which have paid fixed and guaranteed obligations for the account of certain social and legal entities out of their own foreign exchange potential (SLUZBENI LIST SFRJ, No 71/83).

An authorized bank which purchases foreign exchange is obliged to submit written proof to the authorized bank which is selling the foreign exchange explaining the intention for the purchase of the foreign exchange with regard to paragraphs 1 and 2 of this clause.

5. An authorized bank is obliged to provide records concerning foreign exchange which has been repurchased or sold for each individual organization of associated labor, in accordance with the purposes listed in clause 4, paragraphs 1 and 2 of this decision. Documentation is maintained according to which foreign exchange is repurchased or sold and is classified along with those records for the sake of verification.

## II. Purchase and Sale of Foreign Exchange with Right of Repeated Repurchase

6. A part of the foreign exchange which an organization of associated labor maintains for its established needs for reproduction can be sold from its foreign exchange account to the authorized bank at which the foreign exchange account is maintained, and the authorized bank is obliged to repurchase the amount of foreign exchange tendered.

If foreign currency in accordance with paragraph 1 of this clause is sold and repurchased on the basis of a buy-sell agreement concluded between an organization of associated labor and an authorized bank, the authorized bank is obliged to the organization of associated labor to open a separate "evidential" foreign exchange account for the value of the purchased foreign exchange from paragraph 1 of this clause for the sake of implementing the right of repeated repurchase of the foreign exchange.

7. An authorized bank maintains foreign exchange repurchased in accordance with article 74 of the Law in a separate foreign exchange account.

8. An authorized bank can sell foreign exchange in accordance with clause 6 of this decision to organizations of associated labor or to authorized banks directly and at the interbank meeting of the foreign exchange market for specific payments which are made during a period of 2 consecutive days before the date of the mature payment.

An authorized bank which sells foreign exchange to authorized banks ascertains by sales agreement the period of repeated repurchase of foreign exchange for the needs organizations of associated labor which have also sold foreign exchange.

An authorized bank can purchase foreign exchange only for making specific payments to foreign countries which are due within 2 consecutive work days from the day of purchase of the foreign exchange, and these payments must be for the needs of organizations of associated labor which have sold foreign exchange with the right of repeated repurchase in accordance with article 74 of the law, and which have made payments to a foreign country within the same period.

9. An authorized bank which cannot provide the dynamics of repeated repurchases of foreign exchange to an organization of associated labor within the agreed upon time period will seek a temporary foreign exchange loan from the National Bank of Yugoslavia.

### III. Purchase and Sale of Foreign Exchange By National Bank of Yugoslavia

10. The National Bank of Yugoslavia purchases foreign exchange which has been earned by the federation and its organs and organizations, and it also purchases foreign exchange directly from authorized banks and at the interbank meeting of the foreign exchange market.

The National Bank of Yugoslavia buys foreign exchange directly from authorized banks when they are obliged to make a transfer and to sell foreign exchange in accordance with the regulations of article 69b of the Law, articles 2, 4, and 6 of the Law on Payments in Convertible Foreign Exchange (SLUZHBI LIST SFRJ, No 34/83 and 70/83), and article 9 of the Law on Money Exchange and Turnover of Valid Foreign Money in Yugoslavia (SLUZHBI LIST SFRJ, No 61/82), and in accordance with decrees passed on the basis of these legal regulations.

11. The National Bank of Yugoslavia repurchases the surplus of tendered foreign exchange at the interbank meeting of the foreign exchange market, on a nonreturn basis, so that the repurchased foreign exchange is brought to the interbank meeting of the foreign exchange market.

12. The National Bank of Yugoslavia sells foreign exchange for the needs of the federation and its organs and organizations while carrying out its job of payment intermediary with foreign countries for their needs, or with authorized banks when the authorized banks perform the jobs of payment intermediary for the needs of the Federation and its organs and organizations, and at the interbank meeting of the foreign exchange market.

The National Bank of Yugoslavia sells foreign exchange for the needs of payment of the federation and its organs and organizations from the share of foreign exchange influx which is provided in accordance with the regulations of article 69b of the law and within the established rights for the purchase of foreign exchange in accordance with decrees passed in accordance with articles 25 and 72 of the law.

The National Bank of Yugoslavia sells foreign exchange at the interbank meeting of the foreign exchange market which has been provided for the needs of payments established in the decree being passed in accordance with article 69b of the law, and according to the order or priority for the use of foreign exchange which was established in the decree passed in accordance with article 69b, paragraph 5 of the law.

13. The National Bank of Yugoslavia sells foreign exchange repurchased in accordance with clause 11 of this decision to authorized banks at the interbank meeting of the foreign exchange market for the payment of established needs or reproduction, in accordance with the regulations of clause 3, paragraph 2, and clause 4 of this decision; moreover, the sale is primarily carried out for the payment of obligations established in article 69b, paragraph 6, line 3 of the law.

14. The National Bank of Yugoslavia will provide the instructions for carrying out this decision in accordance to need.

15. This decision goes into effect the day after it is published in SLUZHBI LIST SRJ.

E.p. No 115  
Belgrade 15 March 1984

Federal Executive Council, Milka Planinc, president

9548  
CSO: 2800/301

## DATA ON RAILROAD DEVELOPMENT PLANS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 14-16 Apr 84 p 2

[Article by R. Krcunovic]

[Excerpts] The strength of the Yugoslav railroads today is illustrated by data that show that they carry about 13 percent of total passengers and 50 percent of total freight shipped on all forms of public transportation. They handle about 90 percent of foreign trade goods for European countries, and handle an annual total of some 7 million tons of freight resulting in 250.7 million dollars of foreign exchange income annually. The railroads also employ 3 percent of all Yugoslavs who are employed in the Yugoslav economy.

In total value of basic resources, the railroads hold 11.5 percent of the overall capital in the country, and this is twice as much value per employee as the average for Yugoslav economic branches. That capital consists of some 1,850 locomotives and self-propelled trains with more than 3 million horsepower, along with 1,200 passenger cars and 47,756 freight cars with total capacity of more than 1.8 million tons of freight. This rolling stock has already been modernized to a relatively high degree, with steam locomotives now amounting to only 5 percent of the total. The rail network is more than 10,000 kilometers long. Of that total, 3,000 km are integrated into the European rail system, and 32 percent has already been electrified. Of the some 1,200 railroad stations, 600 have modern relay, signal and safety development.

The installation of new equipment and application of new technology has contributed to increasing the value of railroad resources by such systems and 5 modern switchyards with high capacity. Among significant results of modernization, we should mention that more than 1,800 km of mainline rails have automatic rail blocking devices and more than 3,000 km have automatic stopping systems, while most of the railroad network can be controlled from a central location using telecommand equipment.

Naturally, we should not fail to mention that the Yugoslav railroads have supported the construction industry in the important collaboration that completed the splendid Belgrade-Bar railroad line, among others. It has cooperated with producers of transportation equipment to deliver the most modern locomotives to and passenger and freight cars, as well as other

equipment, to domestic transporters and throughout the world. Under its tutelage, design institutes and scientific institutions have developed; their projects and solutions to problems have received worldwide approval. Many other activities have also been carried out by the railroads.

All of these factors have contributed to expanded, higher quality work on the railroad, assuring safety, productivity and working standards for employees. According to Stanko Hodak, a member of the Administrative Council of the League of Yugoslav Railroads, these activities have also been the basis for three straight years of increases in freight volume of more than 8 percent, so that last year data showed a total of 88 million tons of freight and nearly 117 million passengers carried on its equipment.

Among the objectives aimed at increasing the railroads' technical and general transporting capacities, prime importance is assigned to continuing the process of preparing the mainline tracks by construction, capital repairs and long-term construction projects for speeds of 169 km per hour, with long-term orientation on construction of new lines that will permit speeds of up to 250 km/hr. Other railroad track improvements are needed to eliminate bottlenecks, such as the Jasenice-Dobava line and the flatland Zagreb-Rijeka track. Also required are the new Tuzla-Zvornik-Valjevo, completion of the major junctions at Ljubljana, Zagreb and Belgrade, and construction of new stations at Sezana, Subotica, Vrsac, Dimitrovgrad and other cities.

Parallel to these undertakings, a new electrification process will be prepared for mainline and other basic connections. Modernization must be extended to traction and train equipment and accounting, telecommunications, signal and safety systems, as well as introduction of more integral transportation capacity into the railroad system.

Coordinated development, mutually selected organization and close self-management ties with users, along with respect for technological unity, are basic conditions for more rapid development and realization of better results in this large technological and economic system. Along with these factors, sociopolitical communities are expected to provide better solutions for questions of prices, more stable long-term capital sources for further modernization and operating capital, and capital needed for foreign exchange operations. These improvements would liberate the railroads from the burden of "existential uncertainties" and thereby, ease the way to more rapid achievement of the goals that have been set, which are of interest for the railroad and the whole society. These improvements are an obligation to the railroads, which for decades has carried the development load for other branches of the economy.

12131

CSO: 2800/296

FIRST QUARTER TRADE WITH CLEARING ACCOUNT COUNTRIES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Apr 84 p 4

[Article by M. Urosevic]

[Text] Planned 3-month export results reached only three-quarters of quotas, and imports were somewhat more than four-fifths, which resulted in a doubling of the negative balance of trade. The difference by which exports cover imports for individual republics and provinces varied from one to five.

In a situation where trade with countries of the convertible foreign exchange area has brought the expected results for a number of reasons, especially when we are speaking of imports of the most essential semimanufactured materials or of spare parts for equipment, which has been brought there for years and must be maintained and repaired, the structure of trade with the clearing account countries is being constantly more interesting. Imports of energy raw materials, crude oil in particular, but of many other types of products as well that are essential for domestic industry as semifinished materials, as well as equipment for particular new production facilities, and reciprocal imports based on products lists that were accepted by both parties as in previous years, give a special specificity to goods traded in both directions.

The results of the first three months of 1984 in the clearing account countries are reflected by the following data:

Trade With the Clearing Account Countries, January-March 1984



Sociopolitical Community	Million dinars			Imports covered by Exports	Percentage Share Of:		
	Exports	Imports	Deficit		Exports	Imports	Deficit
All Yugoslavia	95,178	111,222	16,044	85.6	100.0	100.6	100.0
Bosnia-Hercegovina	16,385	17,817	1,432	92.1	17.2	16.0	5.4
Montenegro	2,390	1,420	+970	168.3	2.5	1.3	--
Croatia	18,494	21,864	3,370	84.6	19.4	19.7	12.7
Macedonia	5,557	11,893	6,336	46.7	5.9	10.7	23.8
Slovenia	10,197	13,961	3,764	73.0	10.7	12.5	14.1
Serbia proper	28,557	20,766	+7,791	137.5	30.0	18.7	--
Vojvodina	10,193	21,823	11,630	46.8	10.7	19.6	43.7
Kosovo	3,409	1,586	+1,823	214.9	3.6	1.4	--
Federation	--	93	93	--	--	0.1	0.3

The program of exports and imports for this year anticipates that the clearing account countries will account for 35.5 percent of exports. The total of 95.2 billion dinars for the first quarter, or just three-quarters of the plan quota, certainly cannot be regarded as satisfactory. Imports should have accounted for 33 percent of the projected annual total, while the 3-months total of 111.2 billion dinars was actually 82.5 percent of the planned amount, so that a negative balance of 16 billion dinars was the result; it was exactly twice the anticipated deficit.

If the most important indices of success or failure in this process are found in the extent to which exports cover imports, then the situation is as follows: for every 100-dinars spent on imports from this area, exported goods had a value of 85.60 dinars. According to this measurement, Kosovo is in first place with 214.90 dinars of exports for every 100 dinars of imports, followed by Montenegro with 168.30 dinars of exports for 100 dinars of imports and then Serbia proper with 137.50 dinars of exports for 100 dinars of imports. On the other hand, Macedonia had only 46.7 dinars of exports for 100 dinars of imports, and Vojvodina was no better, with 46.80 dinars of exports for 100 dinars of imports, even though this province had an absolute import/export balance with convertible exchange countries during the same quarter. Slovenia's results as well are lagging; although its exports to convertible exchange countries exceeded imports by 9.50 percent, its clearing account balance was only 73 dinars of exports per 100 dinars of imports.

In terms of "hard" currency, exports for this quarter totaled 762.6 million dollars, imports 891.2 million, and the deficit \$128.6 million.

Serbia proper had a positive balance with \$62.4 million, followed by Kosovo with \$14.66 million and Montenegro with 7.8 million. Negative trade balances were recorded by Macedonia at \$50.7 million, Vojvodina with \$93.2 million, Slovenia with \$30.2 million, Croatia with \$27 million and Bosnia and Hercegovina with \$11.5 million.

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